DEPARTMENT OF DEFENSE
OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

MILITARY HOUSING PRIVATIZATION INITIATIVE

PROGRAM EVALUATION PLAN

EXECUTIVE REPORT

AS OF

MARCH 31, 2011

TABLE OF CONTENTS

SECTION **PAGE**

I. INTRODUCTION 1

II. PROGRAM PROGRESS 1

III. CONSTRUCTION 1

IV. ONGOING OPERATIONS 5

A. Financial Performance of Ongoing Projects 6

B. Effects of Current Financial Markets on New Projects 12

C. Occupancy and Debt Coverage Ratio (DCR) 13

D. Utilities 19

E. Restructuring Projects 20

F. Limited Loan Guarantees 21

G. Base Closing 21

H. Training 22

I. Unaccompanied Housing 24

J. Lodging 25

K. Energy 26

V. SERVING TENANT MEMBERS 28

Appendices

1 Acronyms 32

2 Program Implementation Overview 35

3 Construction and Operations Information 38

4 Recapitalization Account 41

5 Tenant Waterfall 42

6 Loan Guarantees 44

7 Privatized Projects Awarded 46

8 Multi-Base Projects 49

9 Developer Participation 50

10 Lender Participation 51

11 Contract Support 52

12 Combined Projects 56

13 Privatizing Military Unaccompanied Housing 59

14 MHPI Project Scope 65

15 MHPI Authorities 68

I. Introduction

The Office of the Secretary of Defense (OSD) designed the Program Evaluation Plan (PEP) as a tool to oversee the performance of the Military Housing Privatization Initiative (MHPI). The PEP is an invaluable tool in analyzing this initiative's effectiveness in eliminating the DoD inventory of inadequate housing while improving the quality of life of military servicemembers. The PEP reporting system includes detailed information submitted by each of the Services to OSD regarding their portfolios of MHPI projects. This includes information about deal structures, government costs, use of government authorities, ongoing program performance, and tenant satisfaction. OSD uses this information to monitor the program's progress, conduct financial and performance oversight, and implement program improvements. This executive report summarizes the MHPI program's health and status, based on information submitted for the March 31, 2011, PEP reporting period.

II. Program Progress

As the housing privatization program has evolved and proven itself, the Services have increasingly relied on the program to solve their housing needs. Except for a few isolated projects, the Services have met their family housing privatization needs. Using the MHPI authorities, the Services have privatized almost 190,000 homes, eliminated over 133,000 inadequate homes, and provided over 18,000 deficit reduction homes.

The main focus of the program is no longer on structuring and executing individual projects, but on operating privatization projects already in existence. An overview of the program's implementation to date is provided in Appendix 2. The primary tasks now are to ensure that:

- all construction is completed per specifications, on schedule, and within budget;
- projects remain financially viable;
- projects continue to address changing requirements; and,
- military members and their families have access to affordable housing in which they would want to live.

III. Construction

Table 1 summarizes each Service's level of involvement in the family housing privatization initiative through March 31, 2011. The table presents both the number of planned privatized units as well as the number of units actually constructed and renovated, allowing a comparison of program progress against established housing objectives. Table 1 reflects the scope that was approved by OSD and the Office of Management and Budget (OMB). Appendix 14 of this report identifies, on a project-by-project basis, scope modifications that occurred subsequent to the last OSD and OMB approval.

Table 1

All Services: Privatized Family Housing Units, Newly Constructed and/or Renovated to Date								
Service	Total privatized units	Total units with no work in IDP*	Total new units to be constructed	Total new construction units completed	% New construction units completed	Total units to be renovated	Total renovation units completed	% Renovation units completed
Army	86,904	17,063	40,298	25,115	62%	29,544	21,744	74%
Air Force	37,647	7,866	18,255	16,009	88%	11,526	8,550	74%
Navy/Marines	65,252	21,902	23,256	16,957	73%	20,094	12,113	60%
Total	**189,803**	**46,831**	**81,809**	**58,081**	**71%**	**61,164**	**42,407**	**69%**

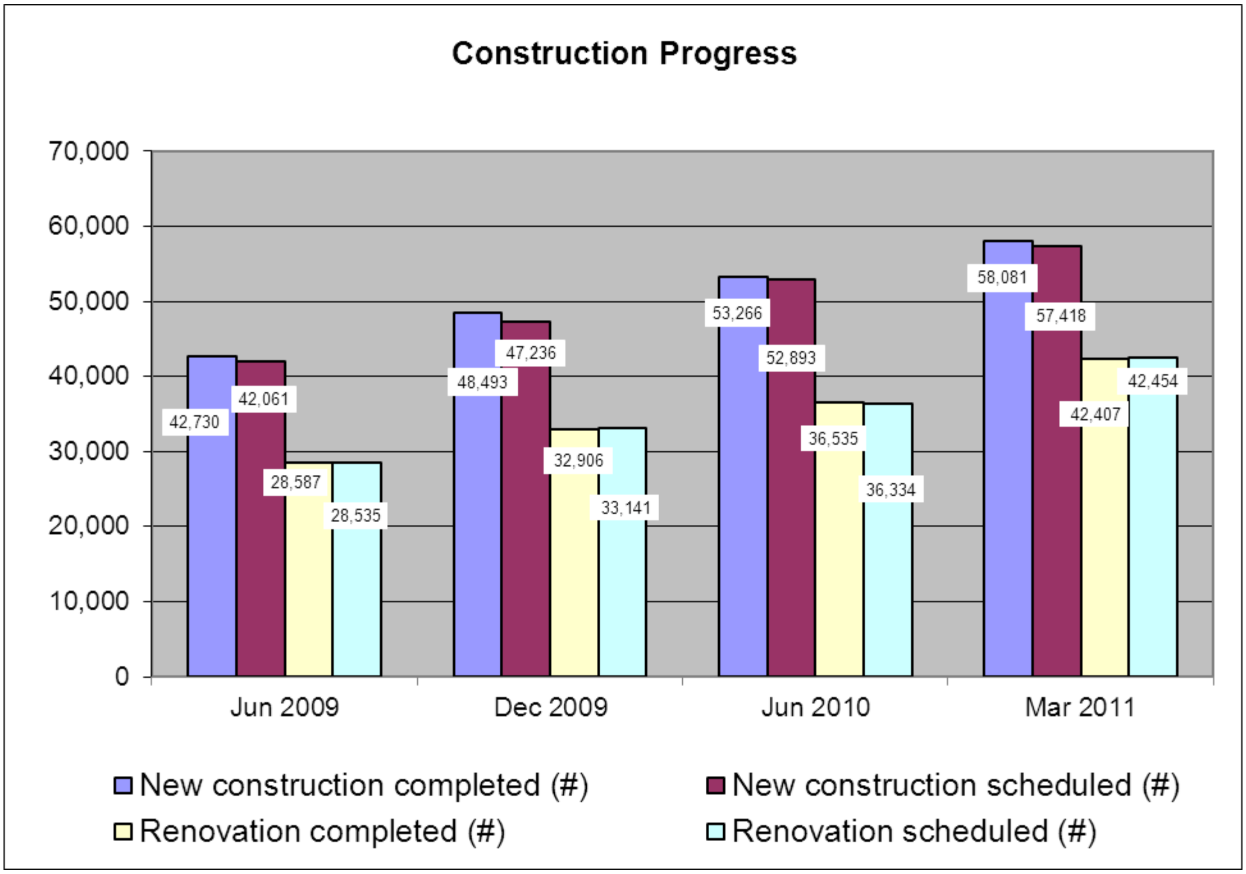
**Initial Development Period*

Appendix 3 of this report presents construction and renovation progress by Service and project.

Housing is considered to be privatized when transfer of ownership occurs. The initial construction and renovation (development scope) required by project owners to bring homes to adequate condition occurs during the Initial Development Period (IDP). The development scope during the IDP and its term (in years) varies by project and is a function of the number of required new units, the existing condition of units to be renovated and the amount of resources available to fund the development. The term of the IDP is generally five to ten years. As of March 31, 2011, twenty-two projects out of 76 have completed their IDP, with four additional projects scheduled to complete their IDP by the next reporting period.

As shown in Table 1, the Services report completion of 71 percent of IDP new construction and 69 percent of IDP renovated housing. Exhibit A graphically illustrates how the completed construction and renovation compares with approved schedules provided by developers for the last several reporting periods. As Exhibit A (below) shows for the March 2011 period, even with an increase in the total number of units scheduled for construction this period, developers have completed more new and renovated units (101 percent) than were planned.

Exhibit A



It is challenging for developers to meet a multiple-year construction schedule under normal conditions. Challenges to completing projects on schedule include: weather; cost and availability of construction materials; environmental problems; and labor and subcontractor issues. Developers in the MHPI program address these issues while also dealing with heightened security, force protection measures, and the negative effect of extended deployments and redeployments on project occupancy. As demonstrated in Exhibit A, the MHPI portfolio as a whole has met or exceeded its construction schedule for the last four PEP reporting periods despite these challenges. The following paragraphs summarize the construction performance for each of the Services.

Army

During this reporting period, the Army delivered 1,888 new homes for a portfolio total of 25,115. The Army completed 3,980 renovations for a total of 21,774 since the program began. Of the 33 projects that were expected to begin delivering new homes by the end of the reporting period, 27 have met or exceeded the approved construction schedule. Of the 30 projects that were expected to begin delivering renovations during the reporting period, 21 met or exceeded the approved construction schedule. Delivery delays at individual installations can be attributed to past project restructures, slower than expected attrition rates at installations (limiting the availability of homes for renovation), and the determination to delay renovations to maintain cash flow. The Army has delivered 62 percent of new homes and 74 percent of renovations that were approved for the program's IDP. At this stage in the program, Fort Carson and Fort Hood, having completed their IDPs, have developed and initiated additional detailed secondary development plans covering the next five-year period. Four additional projects, Fort Detrick/Walter Reed, Fort Hamilton, Redstone Arsenal and Fort Sam Houston, have completed their IDPs and are developing their secondary development plans. Six additional projects are scheduled to finish their IDPs by the end of 2011.

Navy/Marine Corps

Navy/Marine Corps projects delivered 678 new homes this reporting period for a portfolio total of 16,957 and 330 renovations for a total of 12,113. Of the 16 Navy/Marine Corps family housing projects, nine have completed their IDP. Of the remaining seven projects, four are at or ahead of their pro forma construction schedule with three projects being only slightly behind schedule.

Air Force

During this reporting period, the Air Force delivered 2,249 new homes for a portfolio total of 16,009 and 1,562 renovations for a total of 8,550 since program inception. Of the 26 Air Force projects, nine have completed construction leaving 17 that remain in their IDP. As of March 31, 2011, construction is on or ahead of schedule at 12 projects. Six projects had fewer units completed than scheduled. At each of these projects, portfolio management is working with the project owners to assess the financial impact of the delays and help implement strategies to avoid further delays. At some projects, high occupancy and the desire to minimize tenant moves have contributed to slower progress on renovations. Still, all projects are forecasted to finish by the approved construction completion dates. Unit deliveries peaked in 2009, with 2010 and the beginning of 2011 showing a modest fall in deliveries. Production is expected to taper off until August 2014 when the final units are scheduled to be delivered.

<u>Guaranteed Maximum Price Contracts</u>

Building contractors generally commit to delivering a fixed development scope at closing. Guaranteed Maximum Price (GMP) contracts are used to protect against cost increases. The vast majority of the Services' projects have been executed under GMP contracts. Under a GMP contract, the contractor is compensated for actual costs incurred plus a fixed fee, subject to a ceiling price. The contractor is responsible for cost overruns, unless the GMP has been increased via formal change order. Savings resulting from costs below the maximum are typically split between the contractor and the owner.

Under the MHPI business structure used predominantly by the Army and Navy (often referred to as "equity deals"), the Service is a minority member in a Limited Liability Company (LLC) or Limited Liability Partnership (LLP). Under this structure, the Service as part of the ownership entity, is directly engaged in negotiating the details of the GMP agreements and can easily monitor and affect the Managing Member's administration of the agreements. The Army and Navy projects tend to have long IDPs with multiple phases. Using the GMP structure, the owners (including the Service as a limited partner) price out a reasonable portion of the construction project, allowing the future construction pricing to be established at a time in the future where the risks can be more accurately evaluated. The collaborative relationship embodied in this form of agreement has proven to be very valuable in dealing with the inevitable changes that occur in large projects with extended timelines. The challenge in using this type of financial structure is successfully negotiating the scope of future phases with limited additional government funding or subsidized capital.

Under the typical business structure used by the Air Force (often referred to as "debt deals"), the Service is not part of the ownership entity. The Service is the ground lessor and typically a subordinate lender. The Air Force has historically relied on senior lender oversight to mitigate the risk of increased construction costs that could impact scope. However, performance failures at some projects have illustrated that the Air Force cannot fully rely on the protections and contractual obligations provided by the GMP alone. As a result, Air Force Portfolio Management has implemented two additional oversight mechanisms. They are: 1) an analysis of construction draws and data provided by the lender's construction consultants; and 2) centralized and standardized construction oversight of projects in the IDP. Through these process enhancements, the Air Force can proactively identify and address future schedule and cost overruns before such variances become unmanageable.

Under either deal structure, it is important that the contractor making the guarantee has the financial strength to back those guarantees. Though no guarantee has a certainty of future success, the owners, Services, and lenders are making a thorough evaluation of the contractor's balance sheet, bonding capacity, and general financial position before entering into a GMP contract.

Government Direct Loans

Minimizing construction risk to the Government is an important objective of privatized projects. Government Direct Loans (GDLs) can help support the financial viability of MHPI projects and minimize the Government's financial risk during the construction period. When GDLs are used on MHPI projects, forward commitments for permanent financing are executed between the Government and the project owner at closing. The GDLs are not disbursed until construction is completed and the Government accepts the work. Because of this policy, the Government has minimized its exposure to construction risk with regard to projects with GDLs.

Due to turbulence in the financial markets, the Air Force—the only Service with remaining unfunded Government loans—is currently working with multiple project owners to adjust the disbursement schedule of their projects' GDLs. Instead of a single disbursement at the end of the IDP, multiple partial disbursements would be made. The objective of this adjustment is to minimize scope reductions and minimize or eliminate higher than projected construction loan interest expense due to changes in the capital markets. Adjusting the GDL draw schedule, as agreed to by both project owners and the Air Force, will still only pay for completed work, but now in smaller phases.

To date, MHPI GDL loans have paid over $77.6 million of principal and interest payments to the U.S. Treasury without any losses.

IV. Ongoing Operations

Private sector incentives and controls are primarily responsible for keeping projects on track, consistent with large-scale private sector residential projects. As projects mature, an emphasis on the way the operations and property management functions are performed will be increasingly important to sustain adequate housing for the life of a project.

A. *Financial Performance of Ongoing Projects*

Private sector financial institutions, which finance the vast majority of MHPI construction, work with MHPI developers as they would any other major development project. Most projects proceed as expected financially, but some experience financial challenges similar to those that occur in the normal course of the private sector real estate business. The top performing projects from a financial perspective generally feature completed or nearly completed IDP construction. Conversely, those few projects that perform below the portfolio average are typically still in their initial development period, and therefore include a significant number of homes in need of replacement or repair.

Materials, labor, and construction service costs have risen dramatically during the past few years. Now, due to the turmoil in the capital markets and the downturn in the commercial real estate market, the cost of money has also dramatically increased. As a result, estimating long-term project costs is increasingly difficult. Privatization projects with development phases that (due to their extended duration) lack current construction cost and financing guarantees risk price increases that may vary greatly and could eventually affect project health or scope.

Increased or decreased rents in a community impact military member housing allowances, although it takes time for the rent sampling process to document changes in rents. Because privatized rents are generally based on the Basic Allowance for Housing (BAH), market-based rent changes will eventually affect, either positively or negatively, the cash flow of the project. Because of the current financial downturn and the national recession, rents in many communities have been decreasing. Consequently, one can expect that BAH rates and therefore privatized rents and resulting project income will also eventually decline in these markets. It will be critical to the financial health of all projects for the project owners and the Services to continue to work together.

<u>Basic Allowance for Housing (BAH)</u>
The overall weighted average BAH for the Army's MHPI portfolio dropped 0.4 percent after increasing for the previous ten years. The 2011 decrease is significant because, after the projects' IDPs, rent will be the primary operational funding source for the program. While one year of BAH decreases may not result in an overwhelming impact on the individual project, each project must work to develop short-term strategies to implement immediate and longer-term strategies if rental rates continue to be a challenge in future years. With a potential decreasing BAH and ongoing increase in operating expenses, particularly utility costs, there could be a growing negative pro forma variance that would affect any planned scope and, in more extreme cases, debt service obligations. In the out-years, net operating income (NOI) will be relied on, not only to make debt service payments, but to also provide contributions to reinvestment accounts to help fund long-term sustainment and development. Since economic challenges impact BAH rates across the portfolio, all key stakeholders need to continuously evaluate financial impacts to their projects and remain flexible in determining how to balance operational needs with future financial stability, while ensuring that homes remain in adequate condition.

Market forces or policies outside the control of the developers or the individual Services have an effect on the demand for privatized housing. Market forces experienced during the current and ongoing decline of the financial markets include the lowering of market rents and the tightening of credit. The disruption in the credit market may reduce the ability of many Servicemembers to purchase homes and therefore increase the demand for privatized housing; however, this potential impact may be neutralized by decreasing rents for market housing.

Crisis in the Financial Markets

A large portion of the Service's MHPI portfolio funds (loan proceeds, debt service reserves, capital reserves, etc.) are invested in Guaranteed Investment Contracts (GICs) at financial closing. A GIC is a contract insured by an insurance company guaranteeing a specific rate of return on the invested capital over the term of the contract. GICs are a conservative way of ensuring that project funds will achieve a certain rate of return before the funds are used for their intended purpose. The majority of projects invest development sources (senior loan proceeds, GDL proceeds, equity, NOI, etc.) in a GIC that provides a fixed rate of interest. The interest generated in a GIC is relied upon as an additional source of development funds.

Credit rating downgrades to the GIC guarantor makes the project's contractual agreements problematic because of the potential reduction in funds required to complete construction. Only the guarantor, usually an insurance company, backs the GIC guarantee. If the insurance company fails, it is possible that there could be a default on the GIC. In the event that an insurer's financial strength rating drops below a pre-negotiated threshold, the lender and/or project owner has the right to withdraw the funds on deposit in the GIC plus receive a make-whole amount from the insurance company, if applicable. Given the current volatility in the financial markets, the financial strength rating of many insurers is at risk. Several of the applicable insurers have been downgraded and a number of the projects have been affected. However, to date, due to the prevalent use of make-whole provisions in the GIC contracts, no projects have lost more than limited principal and anticipated interest earnings. There has been an increased focus by all of the Services and project owners on not only understanding the deal terms of MHPI transactions, but also on the timely monitoring of, and open communications about, market conditions and all participants' financial health.

Interest rates on GICs that have been entered into since 2008 and on non-GIC lockbox accounts have fallen sharply from previously achieved levels, materially reducing the amount of interest income generated each month by the projects. A persistent shortfall of interest income relative to original pro forma expectations could impact project sources and potentially reduce future development scope. Project management teams continue to search for alternative investment strategies to GICs, but options remain limited into 2011. Project teams are closely monitoring their debt securities, credit enhancements, reserve contracts and other financial agreements, developing mitigation scenarios based on possible future credit rating downgrades on investment service providers.

The turbulence in the credit markets has impacted the program with regard to the cost of issuances of additional debt. Due to the lack of market liquidity and a reevaluation of the price of risk, credit spreads on additional debt for recent privatization projects have widened in comparison with previous transactions of a similar nature. To minimize the impact of this additional cost on eventual project scope, some new projects are starting construction using only government and private sector equity funds and delaying obtaining private debt until the financial markets improve. This strategy may lengthen the IDP period, but will help keep the projects from reducing scope.

Downgrades of various financial institutions have also impacted the way additional debt issuances are structured. With the downgrades, the value of the bond insurance for new issuances is in question. In addition, the downgrades have constrained the market of acceptable providers of surety bonds, which guarantee the lender the required twelve months of debt service reserve funds. With limited availability of these financial instruments, future phases of projects and new projects are being required to reserve cash at closing equivalent to 12 months annual debt service, instead of putting those funds toward development.

Changes in markets, costs, and requirements will continue to affect the financial viability of these projects and the program. DoD is currently monitoring: the volatile credit market (affecting both a Servicemembers' ability to purchase housing and the developers' ability and cost to borrow money); the increase in the cost of construction materials and utility expenses; and potential housing requirement changes due to Base Realignment and Closure (BRAC), force realignment, and Grow the Force initiatives. The ability of both the Services and developers to recognize and analyze issues as they arise and to remain flexible enough to effectively make necessary project adjustments is critical to the ongoing success and viability of the program. Developers will continue to work with the Services to minimize the effect, or to take advantage, of these cyclical market changes, while enhancing the financial viability of their projects.

<u>Ambac Financial</u>

Ambac Financial Group, Inc. (AFG) filed for Chapter 11 bankruptcy protection in November 2010. AFG is a holding company whose principal operating subsidiary is Ambac Assurance Corporation (Ambac). Ambac is the legal entity that has provided four different financial functions for various projects in the MHPI portfolio. They have acted as a swap counterparty, managing fluctuations in interest rates by swapping fixed rates for existing variable rates; a credit enhancer, raising the credit rating of an offering by insuring it and thereby lowering its interest rate; reserve contract provider, providing a reserve through an insurance policy to guarantee debt payments should a default occur; and GIC provider, ensuring a specific fixed rate of return on project funds that are invested. The impact on Ambac of the AFG bankruptcy filing was discussed in a June 2010 report by Moody's Investor Service, which stated: "An AFG bankruptcy is unlikely to have a material effect on the group's operating subsidiaries and policyholders. Generally, a bankruptcy filing by an insurance holding company does not in and of itself mean the insurance operating companies are insolvent. Insurance operating companies have generally continued to operate, uninterrupted by their parent's bankruptcy. Ambac insurance policies are underwritten and issued by Ambac, not the holding company. The contracts are supported by the assets held within Ambac. To protect the policyholders, assets are required by Wisconsin laws (where the company is incorporated) to be set aside or reserved for claim payments." Ambac is currently limited to receiving premiums and paying claims on existing policies. The Services are continuing to monitor the situation and are working with the project owners to take the necessary actions to mitigate negative impacts on the projects depending on the resolution of the Ambac business situation.

Maintenance and Recapitalization Accounts

Public Law 110-161, the Consolidated Appropriations Act, 2008, requires that the Secretary of Defense include data on the maintenance of family housing units and the contribution of housing privatization entities to the recapitalization accounts for ongoing family housing privatization projects in each future semi-annual progress report. As part of the Government's oversight of the privatized family housing projects, the Services ensure that the correct amount of funds are being placed in the operations and maintenance accounts and that sufficient contributions are being made by the project owners to the recapitalization accounts for each of the projects (see Appendix 4 for project specific information).

Maintenance requirements are never static, but as of the date of this report, the project owners have done an exceptional job in meeting their maintenance commitments as outlined in the transaction documents. The project owners have been responsive in addressing extensive existing maintenance requirements. They have also, through private sector customer service practices, raised military members' expectations for property maintenance and owner responsiveness.

A primary source of funding for out-year reinvestment is project refinancing, which is standard practice in commercial real estate asset management. By the twenty-fifth year—with the initial debt practically amortized, combined with appreciation in value—projects should have adequate debt capacity to fund out-year reinvestment.

The recapitalization account is an additional source of funding for out-year reinvestment. While such accounts are not typical in commercial real estate asset management, they have been implemented in MHPI projects largely to ensure that any unanticipated or "windfall" income to the project would not simply benefit the project owner, but would be captured in the project and used as an additional source of funding for out-year reinvestment. During the source selection process, bidders propose the percentage of net cash flow to contribute to the recapitalization account and this contribution is reflected in the project pro forma cash flows. The PEP tracks how actual deposits to the recapitalization accounts compare to the original pro forma deposit projections, recognizing that the amount and timing of deposits may vary substantially based upon project circumstances and market conditions, especially housing demand. While significant variance between actual and pro forma deposits is an important indicator of overall project performance, the risk to out-year reinvestment is minimal.

Because of ongoing major construction commitments, deposits to the recapitalization account normally are not started until the end of the initial development period. Twenty-two privatization projects have completed their IDP as of March 31, 2011. Appendix 4 shows the percentage of funds deposited in each project's recapitalization account versus the pro forma amount for these 22 projects. Five projects have recapitalization account funding significantly below pro forma. The following are brief explanations concerning each of the five projects.

Naval Complex South Texas, Texas – The occupancy rate, and therefore the NOI, is well below projected pro forma rates due to the impact of BRAC 2005, which has significantly reduced the number of personnel assigned to Naval Air Station (NAS) Corpus Christi. To help solve this problem, the project is seeking a low interest loan and new ownership. The Navy is currently in discussions with a potential buyer and a low cost loan may be available from one of the Navy's larger, more financially stable projects.

Fort Hamilton, New York – Replacement reserves are less than pro forma due to unanticipated expenses connected to the lease of the Hamilton Manor property. The account is expected to be replenished from NOI in future periods.

Buckley AFB, Colorado – Project deposits are behind pro forma due to an outstanding project deferred fee, which has precedence over the recapitalization account in the funding lockbox distribution. Paying off the deferred fee has been delayed due to lower than projected NOI generation and delayed construction. The Air Force has successfully worked with the project owner to develop strategies to increase occupancy and maximize funds available for payment of the deferred fees. However, it has always been anticipated that additional debt will be used to finance future reinvestments.

Dover AFB, Delaware – The project deposits are behind pro forma due to an outstanding project deferred fee, which has precedence over the recapitalization account in the lockbox distribution. Paying off the deferred fee has been delayed due to lower than projected NOI generation and a construction contract inflation adjustment. To help alleviate this problem, the Air Force recently accepted the project owner's proposal to eliminate the inclusion of the inflation adjustment from the deferred fees balance in exchange for an increase in their asset management fee. Additionally, the Air Force and the project owner are working to develop strategies for decreasing expenses to maximize funds available for payment of the deferred fees. However, it is anticipated that additional debt will need to be used to finance future reinvestments.

Scott AFB, Illinois – The project deposits are behind due to an outstanding project deferred fee and preferred return balances, which have precedence over the recapitalization account in the lockbox distribution. Paying off the deferred fee and preferred return has been delayed due to lower than expected occupancy and higher than expected operating expenses. The Air Force is working with the project owner to reduce the deferred fee balance and to increase NOI. The project owner has been partially successful in its tax assessment appeals with the county. The Illinois Department of Revenue ruled in favor of Scott AFB Properties LLC indicating that all on-base properties are exempt from state taxation, but it is anticipated that the county may appeal the ruling. The Air Force is also currently working with the project owner to develop strategies to reduce operating expenses that will maximize funds available for payment of the fees. However, it has always been anticipated that additional debt will be used to finance future reinvestments.

Unexpected financial challenges will occur at various bases throughout the lease term of these projects. Currently, the aggregate out-year construction accounts for the Air Force exceed pro forma projections. While the aggregate balances are strong, the funds are not distributed evenly across the projects. Some projects are significantly exceeding projections while others are behind projections. The Air Force continues to evaluate options to share reserve accounts between projects with the same project owner to ensure there is sufficient funding to maintain housing for its Airmen and their families for the full 50 year lease terms. Options are evaluated from the legal, financial and objectives based perspectives and must include project owner participation. No specific option has been pursued to date.

The Office of the Deputy Assistant Secretary of the Army (Installations, Housing, and Partnerships) will publish a policy letter regarding the withdrawal of funds from project reinvestment accounts. The policy is expected to be published in July 2011. Preserving the deposits in these accounts is necessary to ensure that the funds are able to accrue over time and provide the necessary capital for significant reinvestment as planned in future years. The Army will be monitoring reinvestment account withdrawals. If a withdrawal is not already contemplated in the annual budget or secondary development plan, Army Secretariat-level approval will be required to withdraw funds from the reinvestment account.

Financial Delinquencies

The largest sources of financial delinquencies for most projects are final month rent payments and uncollected damages. The Air Force made policy changes that will allow project owners to collect rent at the beginning of the month and require pet deposits at installations that have had significant loses because of uncollected pet damages. Delinquencies are down, particularly in those projects that have instituted these policies. The current policy for Air Force projects is to collect rent up front. Because their projects started paying rent in arrears and then switched to rent in advance, the Air Force “grandfathered” existing tenants. The Air Force currently has a number of projects where some tenants are paying rent in advance and some other tenants paying in arrears on the same base.

Project Compliance

The Air Force has begun work to expand its quarterly compliance testing process for MHPI. The current process includes monitoring a project’s compliance with provisions found in the executed transaction documents, including the Lease of Property, Operating Agreement, Lockbox Agreement, Master Development Management Agreement, Forward Commitment, Security Agreement, and Quitclaim Deed. Under the expanded process, additional attention will be paid to project compliance with the various project management plans submitted by the project owner and incorporated into project closing documents. This includes, but is not limited to, the Facilities Maintenance Plan, the Capital Repair & Replacement Plan and Project Operations & Maintenance Plan. The goal of the expanded process is to ensure that the level of service committed to in the project owner’s proposal and plans is being delivered. As of June 2010, the documents for the expanded process had been circulated among the installations and major commands for comment. A final checklist became effective in October 2010, after which the Air Force hosted several web training sessions to introduce the new checklist and to answer questions. Over 140 base housing management office (HMO) staff members, as well as 23 project owners, participated in the conferences. The Air Force has, to date, provided additional compliance training to HMO staffs and project owner representations at 13 installations.

The Air Force’s Housing Privatization Compliance Branch (HPC) was recently chartered to provide oversight of the housing privatization program, and to ensure compliance with project transaction closing documents and the roles and responsibilities associated with oversight. The team’s focus is to ensure long-term viability of the portfolio through on-site visits. Each inspection visit is anticipated to take about two and a half days, consisting of an in-brief, a housing tour, an inspection, and an out-brief. Inspectors will interview Government staffs and review pertinent records to determine if the project is operating in accordance with transaction closing documents. While HPC was primarily established to ensure Government compliance, they will also inspect some project owner activities. The HPC team conducted a pilot inspection at Lackland AFB in December 2010 and at Randolph AFB in February 2011.

The Army Audit Agency is scheduled to conduct audits of the operational use of project funds at three projects starting in May 2011. The audit objective is to determine whether RCI programmatic controls that monitor expenditures are effective. The final report is expected in January 2012.

B. Effects of Current Financial Markets on New Projects

For most MHPI projects, funding for revitalization of housing, including new construction, renovation, and choice of amenities, is contingent upon private debt and available income. The current financial markets are affecting this funding for new MHPI projects through the tightening of credit and credit downgrading of various financial organizations.

Since inception of the MHPI, private debt has normally been provided through investor bonds. Due to the current tightening credit markets, the bond market has become more constrained. Tight credit has made borrowing more expensive, more difficult to obtain, and subject to more conservative underwriting. This situation negatively affects the amount of cash available for construction by increasing the cost and decreasing the availability of debt.

Available income includes project NOI and interest income. Achieving targeted NOI is dependent upon the BAH and project expenses increasing as forecasted, and occupancy remaining stable. Interest income primarily comes from investing project funds in GICs. Credit downgrades have forced some projects to withdraw from high yield GICs and reinvest funds at today's lower rates of interest, which reduces funds that would have otherwise been available to improve housing. Project teams continue to search for alternative investment strategies to GICs, but options remain limited in 2011. While some closed projects have suffered due to GIC downgrades and lost interest income, this divergence is also affecting the Services' ability to close new projects.

The credit downgrading of sureties like Ambac and MBIA, which provide bond payment insurance for many of the projects, has also reduced the amount of available money for construction. Without the reasonable availability of this insurance, for new projects or new phases of existing projects, lenders are now requiring that debt payment reserves, that would otherwise be used to build and/or renovate houses, be set aside to help provide assurance that a project's debt will be repaid.

For projects where construction funding has become contingent upon reduced loan proceeds and/or reduced cash flow, construction schedules will be lengthened or less work or amenities will be provided until markets become less constrained. When a construction timetable is extended, unless the delayed work significantly impacts occupancy, the project should remain financially healthy. Any necessary reductions of modifications to project scope may be recovered once the market improves.

Even with schedule slips and an overall increase in costs, the MHPI program is providing housing significantly faster than would be possible under military construction (MILCON) and is still providing greater leveraging of scarce appropriations than was required, or even anticipated.

C. Occupancy and Debt Coverage Ratio (DCR)

The PEP monitors the financial health and performance of military housing privatization projects, in part, by measuring a projects' DCR and occupancy rates. The DCR measures a project's net operating income in relation to debt and provides an indication of a project's performance and ability to meet mortgage debt obligations. If the DCR drops below a 1.0 ratio, revenues are insufficient to cover the project's permanent debt service requirements (principal and/or interest) after payment of operating expenses.

The PEP monitors a project's occupancy rate along with the DCR, since the occupancy rate directly correlates with revenue generation. Occupancy rates in a residential project serve as an indicator of both the financial stability of the project and the desirability of the homes. Because occupancy directly impacts financial performance and serves as an indicator of tenant satisfaction, project owners must aggressively focus on occupancy in an attempt to either maintain strong performance or reverse negative trends.

Many factors contribute to each specific project's occupancy rate. These include:

- the quality of off-installation rentals and for-sale housing;
- the quality of on-installation housing;
- whether the project is under construction;
- rental and vacancy rates in the surrounding community;
- availability of loans;
- interest rates;
- for-sale housing prices;
- convenience issues (e.g. commute time);
- school quality;
- local crime statistics; and
- the quality of property management service provided by the project owner.

The project owner affects or controls only two of these factors – the quality of on-installation housing and the service provided to tenants.

Property managers have increased occupancy at various projects by using private sector best practices such as rent reductions and upgrading of unit fixtures. They are also diligently implementing marketing and client management techniques to reduce departures of families during deployments, thus mitigating the financial impact to the project.

Another marketing tool that is positively affecting occupancy is the Automated Housing Referral Network (AHRN). AHRN was started in 2005 by DoD as a resource to assist military members in locating housing during a Permanent Change of Station (PCS) move. AHRN is an on-line resource which lists available rental housing in communities close to military installations. This tool allows military members to start their housing search from anywhere in the world, as soon as they receive their PCS orders. Being able to procure housing before any physical move occurs can eliminate a major source of stress. In addition, the privatization project owner benefits from having a committed tenant for a privatized housing unit before military members are physically relocated to the base. The ability to include privatized units on AHRN, in addition to community rental housing, was implemented a couple of years ago. Privatized project owners gradually realized the benefits of listing their units on AHRN. Today AHRN is supported at 481 installations, including 442 CONUS and 39 OCONUS, representing all the service branches. The number of military members using AHRN is also growing. To date, over 748,000 members have registered to use AHRN during their PCS moves. The percentage of military members securing housing via AHRN continues to increase year after year. While we do not have exact numbers, in a survey given this past year for those respondents that had found housing at new installations, 72 percent indicated that AHRN assisted in their successful housing search. Continued and better use of AHRN by all the privatization project owners can only help to maintain or raise future portfolio occupancy.

Portfolio occupancy has increased from 91 percent last period to almost 94 percent during this reporting period. While it is forecasted that performance will continue to remain high, the Services continue to vigilantly address variances from projections. The Services' portfolio management teams continue to collaborate with the various project owners to create/revise "get-well" plans to resolve outstanding project issues and improve performance. Additionally, the portfolio management teams conduct re-forecasting analyses to ascertain the long-term impact that historical and current financial health will have on the ability of all projects to complete their targeted revitalization scope and remain competitive over their 50-year life span. In all cases, the Services' portfolio management teams work to pursue solutions that help to align projects with the market and improve the overall health of the portfolio.

Extended deployments continue to cause occupancy challenges at several of the projects. The projects at Fort Jackson, Fort Rucker, and Fort Polk continue to experience the most severe shortfalls with respect to homes occupied compared to pro forma. As Servicemembers deploy or redeploy, project property managers continue to devise and implement programs geared towards attracting new tenants and retaining existing residents

To ensure occupancy is maximized and financial targets are met across the portfolio, the Air Force initiated an effort to identify projects that are not fully implementing the alternative tenant waterfall[1]. As of the end of the reporting period, the Air Force identified five project owners and ten installations not fully utilizing the tenant priority waterfall. Explanations for not fully utilizing the tenant priority waterfall ranged from not having a base access policy in place to financial constraints related to implementing a severability plan for general public tenants. Going forward, the Air Force plans to work with project owners and base leadership to ensure impediments to full implementation of the tenant priority waterfall are addressed and occupancy is maximized across their portfolio.

To compete for military members and their families as tenants, developers of privatized housing must overcome several factors. These include the difficulties associated with transferred units

[1] *Alternative Tenant Waterfall*: The economic risk of a privatized project falls on the private sector developer and lender. Under MHPI, if a developer cannot attract a sufficient number of military families to fill the homes, the alternative tenant waterfall (a listing of who a developer may lease the homes to) serves to minimize risk.

that are in poor condition and the inconvenience experienced by tenants living in a construction zone. The transfer of housing inventory to a privatization developer results in quality enhancement of the housing portfolio over a multi-year IDP. It takes time to overcome years of under-funded construction and maintenance. The quality of the portfolio, and therefore its desirability to tenants, increases with renovations and new construction.

The MHPI portfolio shows a substantial increase in the overall quality of the family housing from June 2010 to March 2011. In June 2010, the Services reported completion of 64 percent of the 141,021 privatized homes in the construction schedule. Currently, they report completion of 70 percent of the 142,973 privatized homes in the construction schedule. As a direct example of how much the quality of a portfolio can increase occupancy, the current average occupancy for all MHPI projects that have completed their IDPs is almost 97 percent versus a little over 93 percent for those projects still in their construction phase.

In general, both revenue and operating expenses are expected to improve in future periods due to the growing inventory of newer, more cost effective homes.

Underperforming Projects

As mentioned above, the overall MHPI portfolio currently exhibits an occupancy rate of almost 94 percent. In spite of this impressive overall performance, unique occupancy issues, and therefore DCR challenges, sometimes occur in individual projects. During a project’s IDP, the DCR, while useful, is a less reliable direct indicator of project performance than it will become after construction is complete. Construction loans very often include funds, such as Debt Services Reserve funds, to financially assist in making debt payments during the construction period. This practice is necessary because the eventual full scope of the project is not initially available to provide rental income during the construction period. Table 2 identifies three projects that are still in their IDP that are currently underperforming.

Table 2

Underperforming Projects - In the IDP

Service	Project	DCR	Occupancy	Occupancy Change Since June 2010 (Percentage Point)
Air Force	Falcon Group	1.09	90.0%	5.9
Navy	Northeast Regional	1.06	88.0%	9.0
Army	Fort Rucker	1.50	86.9%	-1.2

Three common characteristics of underperforming projects still in their IDP include:

1) Delivery of new and renovated units behind construction schedule;
2) Lower than expected occupancy; and/or
3) Higher than expected operating expenses.

Each project identified in Table 2 possesses at least one of the three characteristics of an underperforming project.

Falcon Group (Georgia, Florida, Arkansas, Massachusetts) – The senior loan DCR for the period was 1.09 while the combined DCR was 1.08. This is the first period with a combined

DCR as the first tranche of the Government Direct Loan (GDL) was disbursed in November 2010. The combined DCR is above the 1.05 minimum required in the legal documents. The occupancy rate at the end of the reporting period was 90 percent, an increase of 6 percentage points from last period. The current occupancy, still lower than projected, is largely attributed to the condition of the units. This is expected to improve as the IDP progresses. Since the occupancy continues to be below 95 percent, the tenant waterfall remains active at the project.

Northeast Regional (New York, New Jersey, Connecticut, Rhode Island, Maine) – The project's DCR declined from last period's 1.18 to 1.06. This DCR decline is due primarily to less than expected income compared to the restructured project's closing pro forma. The occupancy rate at the end of this period was 88 percent, nine percentage points higher than last reporting period but still lower than anticipated. Lower than expected occupancy continues to be an issue due to several mission related factors: variance in the number of incoming students at Saratoga; ship movements and the duration of ship overhauls at Portsmouth; and class schedules at Newport. The property managers at all the locations are continually and aggressively marketing the units to attract new residents. The project was restructured by reducing inventory to more closely align with projected housing demand.

Fort Rucker, Alabama – The project's NOI is below pro forma by 9.5 percent. The main reason for this variance is the recent unanticipated reduction in troop strength at the installation. Average occupancy for the period was 87 percent, slightly lower than last period and nearly eight percentage points lower than pro forma. While occupancy rates are low, there is a preliminary indication they may increase due to the completion of student training realignment implemented by the Fort Rucker Command.

After the initial construction period is completed, the ongoing DCR is a much more reliable indicator of a project's ability to make its debt payments. Table 3 identifies projects that are currently underperforming in terms of debt service coverage after completion of their IDP.

Table 3

Underperforming Projects - Completed IDP

Service	Project	DCR	Occupancy	Occupancy Change Since June 2010 (Percentage Point)
Navy	Everett II	0.83	95.5%	8.7
Air Force	Scott AFB	1.21	96.6%	3.8
Navy	SOTX	0.48	83.0%	12.0

Naval Station Everett II, Washington – The average DCR for the project is 0.83. Debt service shortfalls have been addressed through deferral of management fees and use of the Member Operating Reserve Account. Occupancy at the end of the period was 95.5 percent. Even though there was an increase in occupancy of over nine percentage points from last reporting period, the rental income was lower than expected due to a lower military occupancy mix (E6s were expected to occupy 33 percent of the inventory but currently occupy only 11 percent of the units). Other negative financial factors include a steady decrease in the number of Navy referrals, local competition, increased marketing and capital improvement expenditures, and the loss of revenue with the phase-out of differential loan payments (DLPs). The project owner and the Navy are investigating a loan modification to ensure the sustainability of the project.

Naval Complex South Texas, Texas – The average DCR for the project was 0.48, a slight improvement from last reporting period. The general partner is waiving its management incentive fee and underfunding certain operating expenses to help pay the debt service. Occupancy at the end of the period was 83 percent, a 12 percentage point increase from last period. The low occupancy is being driven primarily by closure of Naval Station Ingleside and the realignment at Naval Air Station Corpus Christi as a result of BRAC. The occupancy increase is due primarily to an increased use of the tenant waterfall. The restructuring of this project, to better align the housing supply with demand and to retire excess high cost debt, is being reviewed. The Navy is also in discussions with a potential buyer and a low cost loan may be available from one of the Navy's larger, more financially stable privatization projects.

Scott AFB, Illinois – Even though the DCR for the first loan is 1.21, the combined DCR including the second loan is 1.03, down from 1.16 last reporting period. No debt service payments have been missed, but persistent weak financial performance puts the project at increased risk of being unable to make its GDL payments. Though the use of the tenant waterfall has enabled project occupancy rate to increase from 92 percent to over 95 percent this reporting period, the Wing Commander has approved leasing to additional waterfall tenants until occupancy reaches 98 percent. Improved occupancy along with controlled spending and the end of "catch up" capital repair and replacement deposits will help the project improve its DCR.

Debt Coverage Ratio (DCR) Requirements

To help ensure the financial safety of their mortgage, commercial lenders commonly specify a required minimum DCR to make a loan. This is done for both senior and junior loans. DCR requirements, depending on a particular project's situation, normally range from 1.05 to 1.25. Alternatively, government direct loans (those in a subordinate debt position) are normally sized at stabilization to provide an expected, not required, minimum of a 1.05 project combined DCR. Table 4 demonstrates both the actual and required project loan DCRs for those projects that have completed their IDPs.

Table 4

DCR Requirements				
Project	**Actual Senior Loan DCR**	**Required Senior Loan DCR**	**Actual Combined DCR**	**Expected Combined DCR**
Buckley AFB	1.32	1.20	1.18	1.05
Camp Pendleton I	1.64	1.25	1.49	N/A
Dover AFB	1.50	1.05	1.16	1.05
Dyess AFB	5.28	1.05	N/A	NA
Elmendorf AFB I	2.80	1.20	1.94	1.05
Elmendorf AFB II	2.35	1.20	1.61	1.05
Everett I	N/A	N/A	N/A	N/A
Everett II	0.83	N/A	N/A	N/A
Fort Carson	2.30	1.50	1.50	1.15*
Fort Detrick/WRMC	1.26	1.15	N/A	N/A
Fort Hood	2.22	1.10	N/A	N/A
Fort Hamilton	1.20	1.05	N/A	N/A
Fort Sam Houston	1.48	1.10	N/A	N/A
Kingsville I	0.66	N/A	0.66	N/A
Kingsville II	2.78	N/A	2.78	N/A
Kirtland AFB	1.72	1.20	1.55	1.05
New Orleans	1.59	1.10	N/A	N/A
Redstone Arsenal	1.64	1.20	N/A	N/A
Robins AFB	1.42	1.20	1.23	1.05
Scott AFB	1.21	1.05	1.03	1.05
South Texas	0.48	1.10	N/A	N/A
Wright-Patterson AFB	2.05	1.20	1.79	1.05

* Combined DCR required by the Colorado Housing & Finance Corporation.

At the end of the March 2011 reporting period, all of the projects that have completed their IDPs, with the exception of the South Texas, Everett II, and Scott AFB projects, are operating above their DCR required levels

<u>Alternative Tenant Waterfall</u>

The economic risk for each privatized project falls on the private sector developers and lenders. If the developer cannot attract a sufficient number of military families to fill the homes, the alternative tenant waterfall (a listing of who a developer may lease the homes) serves to minimize risk. Currently, 67 privatized projects take advantage of this opportunity. Table 5 shows how the Services have used this alternative and to what additional tenant groups they have leased since December 2009. Thirty-five projects currently lease homes to the public. Virtually all projects that currently report low occupancy and debt coverage ratios, primarily due to unit unacceptability and/or market conditions, take advantage of the alternative tenant waterfall option.

Table 5

Use of Alternative Tenant Waterfall	Dec-09	Jun-10	Mar-11	% of Total Available Units Jun-10	% of Total Available Units Mar-11	% Point Change from Jun-11
Military Families	155,607	156,323	160,916			
Unaccompanied	3,895	3,290	3,324	2.2	1.9	-0.3
Active National Guard and Reserve	225	251	301	0.1	0.1	0.0
Retirees	595	750	962	0.3	0.4	0.1
Federal Government Civilians	1,561	1,644	1,963	0.9	1.0	0.1
Other*	197	244	281	0.1	0.1	0.0
Civilian	1,655	1,924	1,916	0.9	1.1	0.2
Total	8,128	8,103	8,747	4.5	4.6	0.1

* "Other" tenants primarily consists of foreign military.

Developers continue to use the "waterfall" of alternative tenants to sustain occupancy. The alternative tenant waterfall policy has been effective in maintaining occupancy rates despite challenges caused by extended deployments and rising BAH rates that have increased the availability of off-base housing choices. Table 5 shows the basic trending of the alternative tenant waterfall over the past three reporting periods. Since June 2010, the number of tenants from the waterfall living in privatized housing increased from 8,103 to 8,747. When comparing the number of total waterfall tenants as a percentage of overall units the number has remained fairly constant at about five percent. While the waterfall serves an important and sometimes varied function for the program, the percentage of tenants it represents still remains small compared to the number of military families the program serves.

D. Utilities

Tenants of all privatized family housing will eventually be responsible for payment of their own utility bills. This is a gradual process as transferring the responsibility for utility payments cannot be accomplished until the occupied units are individually metered.

The Army is making significant progress in transitioning residents from project-paid utilities to tenant-paid utilities. The Army's transitioning process involves an initial period of mock billing, during which time the tenant views what the utility bill would be before actually becoming responsible for paying it and the billing provider confirms system accuracy. Actual or mock billing has started in all 34 of the Army's projects. More than 11,000 additional residents were brought into the actual billing program in the last nine months, and more than 39,000 residents now receive and manage their actual utility bills. The total number of residents in actual/mock billing is over 53,000, or more than 60 percent of the current inventory of the Army's family housing privatization program.

There have been very few concerns overall from residents since actual billing began in September 2006. Project owners are providing specialized assistance to residents whose bills are significantly higher than average to ensure that the issue is not due to meter, data, or house-specific problems. The project teams are continuing to educate residents about the utility program and provide constant communication through multiple types of media to all residents leading up to and particularly during program implementation.

The Resident Energy Conservation Program (RECP) initiative represents the Department of the Navy's efforts in establishing an energy conservation program consistent with OSD policy. Navy and Marine Corps installations in South Carolina (MCAS Beaufort and MCRD Parris Island), and Hawaii (Navy Regional Hawaii and MCB Hawaii Kaneohe Bay) are the initial participants in this initiative. The Family Housing offices at these projects ran a mock billing program from September 2010 through December 2010. The actual live billing phase began in January 2011. The live billing phase of the initiative will run throughout the calendar year, after which the program will be evaluated. A total of 7,432 units are included in the RECP initiative. The results of the September 2010 to March 2011 mock and live billing periods show that the average per unit energy consumption for these months is significantly lower than the same period the previous year—6.1 percent at Beaufort/Parris Island and 13.7 percent at MCB Hawaii. Results of the January 2011 to March 2011 live billing period indicated that the average per unit consumption for these months was lower than the same period the previous year by 4.6 percent for Navy Regional Hawaii.

The Air Force has ten bases where tenants are directly billed for their utility use and four projects currently mock bill. Over 10,500 family housing units are currently included in their mock or actual utility billing program.

Utility costs for all the Services during the past few periods comprised over 28 percent of overall project operating expenses. Since utilities are such a large portion of total operating expenses, it is important for projects to encourage residents to reduce utility consumption. Analysis shows that this program is helping to reduce resident consumption of utilities, with initial project data showing a five to fifteen percent decrease in consumption once residents become responsible for their own utilities. If these findings prove accurate for most projects, it could translate into significant operating expense savings and ultimately allow for greater NOI to fund construction and other out-year expenses.

E. Restructuring Projects

A number of projects have been adjusted in the face of a variety of unanticipated military and financial changes, including BRAC, cost escalations, overseas contingency operations, and the Grow the Force initiative. These challenges are in addition to the typical challenges faced by large real estate developments brought on by unexpected environmental, material, personnel, and site work problems. Restructuring of a project affected by unanticipated changes is a primary way to ensure that a project not only meets its developmental and operational expectations but remains financially viable. A restructuring normally occurs because of a change in requirements (scope), financial needs, or a combination of both. The developers, with the concurrence and support of the Services, have restructured a number of projects to address requirement changes, construction problems, and income and expense variations. The flexibility built into the MHPI projects has allowed developers to successfully implement necessary changes caused by some unforeseen circumstances.

Most restructurings to date were set into motion due to requirement changes caused by such initiatives as BRAC, Grow the Force, Army Modular Force, etc. No matter what the cause, restructurings typically involve some change in scope, mix of units, and financing. During such restructurings, the Services and the developer strive to address both the current and future needs of the military member. For example, because of unprecedented construction cost escalations, the Services have, during several restructurings, increased the number of renovated homes and decreased the number of replacement homes at restructured projects. This has lowered the overall construction cost per home, while not reducing the total number available. If more debt had been added to maintain the originally anticipated unit mix, it would have financially handicapped the project's future by reducing the potential out-year development that could have been accomplished.

The Services, by working with developers in such a diligent manner, continue to maximize ongoing housing benefits to military members. Successful Army restructurings have been accomplished at: Fort Carson, Colorado; Fort Meade, Maryland; Fort Bragg/Pope AFB, North Carolina; Fort Polk, Louisiana; Fort Leonard Wood, Missouri; Fort Riley, Kansas; Fort Leavenworth, Kansas; Presidio of Monterey/Naval Postgraduate School, California; Fort Belvoir, Virginia; Fort Irvin/Moffett/Parks, California; Fort Lewis/McChord AFB, Washington; Fort Campbell, Kentucky; Fort Drum, New York; Fort Bliss, Texas; Redstone Arsenal, Alabama; Fort Lee, Virginia; Fort Stewart/Hunter Army Airfield, Georgia; Fort Hamilton, New York; Fort Detrick/Walter Reed Army Medical Center (Maryland, Washington DC); Fort Eustis/Story, Virginia; Fort Knox, Kentucky; Fort Jackson, South Carolina; Fort Still, Oklahoma; and Fort Benning, Georgia. The Navy's Northeast Region, Midwest Region, Northwest Region, and South Texas projects have been restructured. The Air Force has restructured: Falcon Group (Florida, Georgia, Arkansas, Massachusetts); AMC West (Washington, Oklahoma, California); Elmendorf I & II, Alaska; and AETC Group I (Oklahoma, Arizona, Texas, Florida). It is anticipated that over the life of the program, additional projects will need to be restructured to meet the changes required by future rounds of BRAC, military policy, and/or the economy.

F. Limited Loan Guarantees

DoD has provided limited loan guarantees at eight installations. During financial restructuring, the limited loan guarantee has been eliminated for Elmendorf AFB, Alaska, and Lackland AFB, Texas. Elimination of additional loan guarantees may occur during future loan refinancing as the program matures and financial institutions no longer require any government support of the loan. This elimination represents a reduction in the Government's financial exposure. The financial performance of the current loans covered by the limited guarantees has remained well above guarantee thresholds. Appendix 6 contains more detailed information on currently executed guarantees and their performance.

G. Base Realignment and Closure

Congress was notified on April 2, 2007, that once Naval Air Station (NAS) Brunswick is closed under BRAC 2005 the housing at this location will no longer be required for use by military families and will be phased out of the Navy's Northeast Regional privatization project. The Business Agreements for the Northeast Regional project were amended and restated in July 2007 due to the scheduled closing of NAS Brunswick. In the amended agreement, all parties acknowledged that the managing member may sell all or any portion of the Brunswick housing. Privatized housing at NAS Brunswick totals 702 units, of which 110 are on-base and 592 are off-base. As of December 2009, no squadrons remained assigned to the base. The base is scheduled to be closed by May 2011.

The Navy concurred with the request by the owner (Balfour Beatty) to begin selling the Brunswick units on a neighborhood basis in January 2009. Balfour Beatty requested offers on all or portions of the seven neighborhoods comprising the military housing associated with the base. Offers were received for both the entire portfolio of homes and combinations of neighborhoods. Balfour Beatty collaborated with the Navy to determine the best course of action for disposition of the homes. The sale of the entire Brunswick privatized housing portfolio to a single buyer closed in October 2010, with the Navy receiving the best value for those assets including cash and other considerations. After the closing, the Navy continues to work with Affordable Mid Coast Housing, the successful bidder, to provide quality housing for military in the Brunswick area, as needed, until disposal of the underlying land, under BRAC authorities, occurs.

H. Training

Transition and post-award training for installation personnel began following the closing of the earliest privatization projects. In addition, the Services developed, enhanced, and refined real estate management and financial training sessions to help ensure that installation personnel have similar technical skill sets as their private developer counterparts. Expanded training, provided through the Services, incorporates industry standard property management courses and other relevant formal education programs.

The Army offers several training courses for its project asset management (PAM) teams that focus on specific topics in financial and asset management. RCI PAM training is scheduled for 17 installations in Fiscal Year (FY) 2011. An additional 17 will be conducted in FY 2012. All training is conducted on location. Privatization stakeholders also are encouraged to attend the professional development seminar hosted by the Professional Housing Management Association. In October 2010, the Army conducted its thirteenth semi-annual senior executive meeting, a forum with the senior leadership and project owners, to discuss strategic issues and challenges facing the program. Topics discussed included the objectives of the senior Army leadership, an update on the Army portfolio, development and construction costs, changes in project incentive metrics, oversight safeguards and protections, project owner concerns, and lessons learned. The next meeting is scheduled for April 2011.

The Navy offers residential management courses for both family and unaccompanied housing privatization. In addition, through implementation of a variety of programs such as their annual focus groups, resident satisfaction surveys, annual Public Private Venture (PPV) CEO conferences and participation in the annual Professional Housing Management Association seminars, the Navy has been able to identify and implement a number of best practices across their portfolio and continues to adjust a number of organizational policies that have a direct bearing on their privatized residents.

The Air Force conducts an Asset Manager Training Course four times a year with various course modules including: budget and capital planning; compliance testing; site assessment; effective administration of the Management Review Committee; and quarterly report evaluation. The Air Force is in the process of expanding its housing privatization training program to reach more project stakeholders, including project owners and community staff, senior leadership, residents, and potential residents. Topics range from customer service to the legal rights and obligations of residents, project owners and the Air Force. Additionally, their Strategic Training and Education Plan identifies Air Force plans to create training programs addressing all of these topical areas.

A Program Management Review (PMR) of the projects owned by the Hunt Companies and Actus Lend Lease was conducted this reporting period. The PMRs were held in an effort to foster better communication between the Air Force and Hunt and Actus and their partners. Attendees of the forums worked toward the stated goal of "effective partnering and issue resolution" by discussing best practices, lessons learned and other relevant issues and concerns. The events afforded many levels of the Air Force, from MAJCOM to the local Housing Management Office staff, to engage in open dialogue with the various levels of leadership within the Hunt and Actus organizations. Throughout the PMRs action items were generated and captured. These items will be tracked by the Air Force until they are closed. The Air Force intends to schedule PMRs for the other project owners through the remainder of 2011.

For the first time, the Housing Privatization (HP) Workshop in January 2011 was combined with the Professional Housing Management Association (PHMA) Professional Development Seminar (PDS). Both workshops centered on the theme of "Responsive Customer Service: The Building Blocks of Our Community." By combining the workshops, the Air Force was able to not only improve training for their housing professionals from the synergy of the two programs, but also increase the level of customer service provided to Airmen.

As part of the effort to centralize design and construction oversight services, the Air Force developed a construction handbook to standardize processes, tools, and templates for the oversight of construction and development. The handbook provides checklists and guidance on the criteria that have to be met before issuing a Notice to Proceed or a Certificate of Compliance. It also contains information about the process for approving or documenting any changes to approved design documents, as well as templates for a variety of notices prescribed by the closing documents.

During the month of February, the Air Force Judge Advocate General's (JAG) School at Maxwell AFB hosted Housing Privatization Month, featuring four successive webcasts on topics related to the Air Force's housing privatization program. The goal of these webcasts was to help JAGs better understand their roles in the housing privatization program.

To provide a deeper understanding of privatization principles and methodologies, DoD teamed with the University of Maryland to develop a Master's Degree in Real Estate Development for Federal real estate privatization ventures. Started in 2008, the program offered courses that focused on key issues of importance to the military services regarding properties undergoing or already engaged in housing privatization. The curriculum has been tailored to educate a cadre of Federal managers in the broader aspects of development with an emphasis on Federal procurement, asset management, and other issues that arise in the development, operations, and long-term management of privatized Federal properties. DoD is offering a limited number of tuition scholarships to those interested in full-time study as a means of facilitating initial interest in this new program. Students can complete the program in 12 months on a full-time study basis or in two to three years on a part-time study basis. The first two full-time DoD students, one from the Navy and one from the Army, have already graduated and a third student from the Air Force started in the fall of 2010.

I. Unaccompanied Housing

Army Unaccompanied Housing (UH)

As an extension of the family housing program, the Army has worked through the operational and developmental challenges posed by the Unaccompanied Officer Quarters/Unaccompanied Senior Enlisted Quarters programs (UOQ/USEQ). A significant element is that rents will be based upon both BAH and market rates. Rents for one-bedroom apartments will be tied to E6 BAH. However, two-bedroom rents will fluctuate according to local market conditions. The project owner will have the flexibility to set rent according to demand. In keeping with private sector practices, the UOQ/USEQ program calls for soldiers living in two bedroom apartments to jointly manage bill paying (e.g. utilities and rent).

The Army is building a combined total of 1,038 UOQ/USEQ apartments at Fort Drum, New York; Fort Irwin, California; Fort Bragg, North Carolina; and Fort Stewart, Georgia. As of March 31, 2011, 982 new apartments were delivered for single soldiers at those installations. In comparison to initial planned scope, the program has delivered 95 percent of planned IDP new apartments. Irwin is expected to complete the final phase of UH construction in the summer of 2011. At the end of the reporting period, portfolio UH occupancy was almost 97 percent, about 15 percentage points higher than last reporting period. The UH portfolio has fallen short of aggressive pro forma financial expectations for the reporting period, despite the newly delivered inventory, because effective rental rates (net of rental concessions) for some projects are lower than pro forma expectations.

Navy Unaccompanied Housing

The Navy has executed two UH pilot projects—one in San Diego, California, and another in Hampton Roads, Virginia. The projects were authorized under the National Defense Authorization Act for Fiscal Year 2003 that provided the Navy additional UH authorities. In addition to the privatization of 723 existing units, the Hampton Roads project has built 1,190 new apartments to house 2,367 unaccompanied shipboard (E1-E3) sailors. In addition to the privatization of 258 existing units for shipboard E1-E3 Sailors, the San Diego project includes 941 new apartments that are intended to house 1,882 E4-E6 sailors. As of March 2011, all the units were completed at both Hampton Roads and San Diego. Overall UH portfolio occupancy is 94 percent, seven percentage points higher than last reporting period. Due to a lower demand from E4-E6 Sailors, a portion of the new apartments in the San Diego project are occupied by shipboard E1-E3 Sailors.

Table 6 summarizes each Service’s level of participation in UH privatization through March 31, 2011. The table presents both the number of planned privatized units and the number of units actually constructed and/or renovated, allowing a comparison of program progress against established housing objectives.

Table 6

All Services: Privatized Unaccompanied Units, Newly Constructed and/or Renovated to Date								
Service	Total privatized units	Total units with no work in IDP*	Total new units to be constructed	Total newly constructed units completed	% New construction units completed	Total units to be renovated	Total units renovation completed	% Renovation units completed
Army	1,038	N/A	1,038	982	95%	N/A	N/A	N/A
Navy	3,111	941	2,131	2,131	100%	39	39	100%
Total	**4,149**	**941**	**3,169**	**3,113**	**98%**	**39**	**39**	**100%**

As with the family housing construction, by the end of March 2011 the project owners of the UH projects have completed more construction (101 percent) than was originally scheduled.

Public Law 111-84, the National Defense Authorization Act for Fiscal Year 2010, requested DoD evaluate various aspects of military UH. This evaluation is provided as Appendix 13 of this report.

J. Lodging

The Privatization of Army Lodging (PAL) program is the Army's chosen approach to recapitalize and sustain its U.S. on-post lodging facilities. The PAL program was initiated to: improve the quality of life for soldiers and their families; develop new and renovated hotel facilities with superior hotel amenities and services; and provide for the long-term sustainment of the facilities. All of this was to be accomplished while maintaining a weighted official travel rate not to exceed 75 percent of lodging per diem. PAL is designed as a portfolio-based program where operational requirements are financially cross-collateralized and jointly leveraged. The PAL will be a portfolio of commercially-branded hotels. New construction will be branded as either Candlewood Suites or Staybridge Suites, while renovated facilities will be converted to Holiday Inn Express hotels. Additionally, small historic buildings will be brought under the customized "Historic Collection" brand. The PAL program is critical to the Army's mission as the lodging source for institutional trainees and other official travelers.

The PAL Group A project, consisting of 4,567 guestrooms at 10 installations, exhibited strong bottom line operational performance during the nine-month reporting period. Total revenue slightly lagged budget due to a 2.7 percent miss in room nights sold over the period. This shortfall was caused when rooms were taken offline for conversion to Holiday Inn Express hotels, and the budget did not account for offline rooms. The occupancy for this period was lower than budgeted (73.1 percent compared to 75.2 percent). However, due to higher than budgeted average daily rate and lower than budgeted operating expenses the PAL Group A project outperformed the gross operating profit projections. On the development side, the project is ahead of schedule and below budget with 54 of the 62 total buildings substantially complete. The grand opening for the fifth Holiday Inn Express branded hotel, after those at Fort Polk, Fort Hood, and two at Fort Sill, is scheduled for June 2011 at Fort Rucker.

The PAL Group B project, involving an additional 11 installations, is anticipated to close in August 2011.

K. Energy

As was stated earlier in this report, the cost of utilities is a significant portion of the ongoing operating expenses for privatized housing. It is therefore important to the financial sustainability of these projects to not only minimize utility usage but to also identify and use less expensive alternative sources of energy. The following are some of the ways that the Services and the project owners are helping to address these concerns.

Project owners from all the Service's projects are ensuring sustainability concepts are included within their unit-design plans. The plans include detailed project construction and renovation features and specifically identify energy saving measures that are incorporated. Typical features include Low-E glazed windows, Energy Star rated appliances, programmable thermostats, natural gas water heaters and pedestrian efficient neighborhoods (walk ways, jogging paths, and bike trails). Particularly in locations with more arid climates, project owners are addressing water conservation through the installation of low-flow bathroom/kitchen fixtures, low-flow irrigation heads, and novel programmable landscape designs to help reduce water usage by up to 50 percent. As part of the Air Force's Tri-Group project, moisture sensing devices used to monitor and reduce irrigation water consumption by up to 70 percent are also being installed.

Fort Belvoir's Fairfax Village Neighborhood Center earned a Leadership in Energy Efficient Design (LEED) Platinum Rating, a first for any building on a military installation. The award was certified by the U.S. Green Building Council and was awarded by Fairfax County, Virginia. The building serves as the main property management and maintenance office, as well as a community center for residents to enjoy. Meticulous detail went into reducing the environmental impact of the center. The building applies environmentally friendly materials and building practices, including reclaimed brick, tile, carpet, and playground equipment. The building uses low-flow faucets and dual-flush toilets to reduce water consumption. Roof-mounted solar panels generate on-site renewable energy, while surplus insulation, lighting controls and ground source heat pump all reduce the building energy consumption and operating costs.

There are multiple projects in the Army's privatized housing portfolio undertaking energy-efficient sustainability measures. Currently, Fort Hood, Fort Lewis, Presidio of Monterey/Naval Postgraduate School, Fort Drum, White Sands Missile Range, and Fort Knox have a significant portion of their new home inventory that have or are planned to have LEED Silver certification/compliance. LEED Silver compliance has been implemented as a pilot program in a few newly-constructed homes at Fort Campbell and Fort Benning.

As part of the U.S. Green Building Council's LEED for Neighborhood Development Program (LEED ND), Island Palm Communities, the largest Army residential community, will be one of the largest solar-powered communities in the world. The community will feature a 6 megawatt (MW) photovoltaic (PV) system that will supply between 15 and 30 percent of the power used by its 7,756 homes, community centers, other amenities, and playgrounds.

The project owner at the Navy's Hawaii PPV project is investigating whether wind energy can be used at privatized military family housing communities in Hawaii. As part of the Wind Energy Demonstration Program, applied to by the project owner and funded by the Department of Energy, two temporary meteorological towers were installed on MCB Hawaii and Pearl City

Peninsula property to collect wind data. At the end of the period, the measured wind at Pearl City Peninsula proved inappropriate for further consideration, but the Kaneohe Bay site had very promising results. The Navy is currently working with the Department of Energy concerning the permanent installation of a 2.4 kilowatt (kW) wind turbine on the MCB site. A one kW wind turbine was also installed at the Hawaii Radford Terrace Community Center in April 2011 for a demonstration period of one year. Successful implementation of a wind energy program for Navy family housing communities in Hawaii could eventually lower the cost of utilities to tenants and also increase funds available for project maintenance and improvement.

Highly efficient solar systems are being installed on 900 selected homes at Atlantic Marine Corps Communities at Camp Lejeune. This solar project is projected to provide 75 percent of the energy demand for these new and existing residences. These solar thermal systems are expected to be fully operational by June 2011.

Solar water heaters have been installed on almost 6,000 homes in the Navy's Hawaii PPV portfolio as a utility cost saving measure and a 100+ kW photovoltaic (PV) system has been operational at the Halsey Terrace community center since June 2008. In a net-metering arrangement with the Naval Facilities Engineering Command (NAVFAC) Hawaii utility provider, all power generated by the system is fed into the neighborhood electric grid and offsets overall neighborhood electricity consumption.

A geothermal well system is located at MCLB Albany, Georgia and serves the Camp Pendleton/Quantico project, where it is used for geothermal heating and cooling of PPV homes.

At Davis-Monthan AFB the project owner has partnered with a number of regional and national businesses to undertake a large scale solar project. The project is divided into two components: Ground Array and Roof-Based Solar Panels. It is expected these two systems will provide 6 MW of electricity and 75 percent of the electric needs for 929 privatized homes.

At Travis AFB skylights have been installed in laundry rooms and pantries to utilize natural lighting and reduce electric expenses. Also at Travis, from March to October 2010, 24 families agreed to participate in a Residential Energy Saving Pilot Project to identify easy solutions to energy savings. The Project Owner supplied the homes with wireless energy monitors called Energy Hubs to monitor and record each household's energy consumption. After establishing a baseline, the project owner presented the residents with a program to determine the best path to energy savings for each household. The residents all received a list of energy saving actions intended to reduce energy use. Participants saved on average more than 20 percent overall on energy bills throughout the study, with savings ranging from 10-40 percent. At the conclusion of the study, residents who participated were more conscious of their energy decisions and learned how simple behavioral changes can have a huge impact on energy savings and on their energy bill. The project owner has discussed expanding the program to a wider audience, but a timeline for execution has not been established.

In the spring of 2011, the Army announced its Net Zero Installation pilot initiative intended to conserve energy, water and/or waste streams. Seventeen installations were chosen to achieve net zero consumption, which, with regards to energy means they will produce as much as they consume, resulting in a net usage of zero. The installations will also focus on water and waste water usage procedures as part of their overall conservation strategy. Eight of the seventeen installations were selected to be net zero for energy, to include Fort Carson, Colorado, and Fort Bliss, Texas, both of which will be net zero installations across all three categories. It is envisioned that by 2020 these installations will have achieved net zero status in their respective categories.

V. Serving Tenant Members

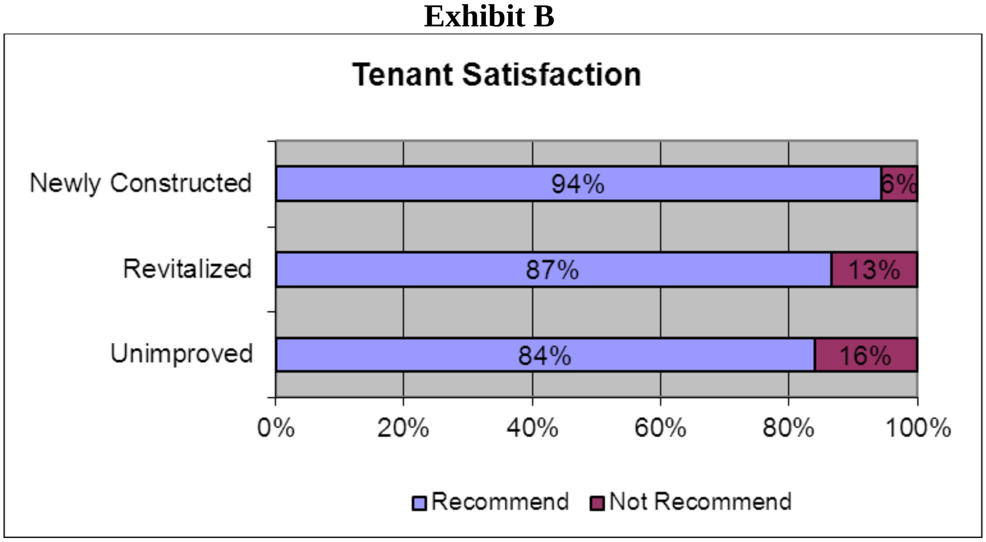
As the Services learn more about military members' housing needs, they actively make changes to improve service members' housing experience. Because the Services and project owners monitor the needs of members and take steps to address those needs, the MHPI program will continue to provide the housing product and service deserved by our military personnel.

Given DoD's objective of improving the quality of life for its service members, the degree of satisfaction service personnel experience in privatized housing is a critical indicator of overall program success. Since DoD provides military families with BAH at privatized bases, a military family's decision to live in privatized housing is a primary measure of satisfaction. The occupancy rate of almost 94 percent program-wide demonstrates the overall success of the program in providing suitable housing.

The Services and project owners conduct tenant surveys to help assess the quality of privatized housing. To help interpret results, the Services and developers code surveys based on whether the respondent resides in a newly constructed or renovated unit, or in a unit that has not yet been revitalized. It is expected that this coding of survey results will continue until the completion of the initial development periods for most projects. The PEP includes the results of additional tenant survey questions that are designed to assess service member satisfaction with their housing experience.

The following graph exhibits the satisfaction results received for the program for this reporting period.

Exhibit B



As would be expected, satisfaction was highest among those living in newly constructed units. Satisfaction was slightly lower for tenants living in renovated and unimproved units, but still higher than historical levels. DoD anticipates that the divergence in results between the different housing types will be minimized by the end of the program's initial development period. In addition, the precise approval percentage (demonstrated above in Exhibit B) is not as important as an increasingly positive trend in approval as the program matures.

DoD and the Services strive to provide an overall housing program that meets the needs and desires of servicemembers and their families. Understanding that not all members want to live on-base and not all members want to live off-base, DoD commissioned a study to determine member housing preferences and how well the overall program (MHPI, traditional military construction, and local community installation and community housing) is addressing military needs. This study numerically assembled some significant information. For example, the survey found that affordability was the top factor influencing members' selection of housing, a finding that would likely be mirrored among their civilian contemporaries. Therefore, the significant rise in BAH rates over the last few years is probably at least partially responsible for the 14 percent increase—found in this study versus a RAND study completed in 1997—in the number of military members living in the community versus on base. This and other information identified in this study will be helpful in not only understanding our military members desires and needs, but also in more accurately defining our requirements process.

Since this is the first time that the entire family housing decision process has been studied and the satisfaction of residents in privatized housing has been compared with that of residents of other forms of housing, the results are an important baseline in understanding the workings and the successes of the entire housing program made available to military family members. It is anticipated that the same or similar studies will be conducted in the future to identify and measure any changing trends or patterns in service member needs and/or preferences so that DoD can modify the overall program to best address this important service to our all volunteer military.

The Services and the project owners monitor the needs of members and take steps to address those needs. Below are a number of examples of this ongoing assistance.

Tornado Damage

Near the end of this reporting period, an F2 tornado with estimated winds reaching 125 miles per hour ripped through the Atlantic Marine Corps Communities (AMCC) Tarawa Terrace Camp Lejeune family housing neighborhood. The tornado caused millions of dollars' worth of damage to homes and personal property as well as physical injuries to residents. When the tornado had passed, 54 families were displaced and AMCC began an intense coordinated team effort with the base, NAVFAC, disaster relief agencies, other private sector entities and volunteers to immediately find temporary housing, and other resources and services needed for the displaced families. Within 48 hours, the immediate needs of these families, including food and hotel costs, were met. Due to extraordinary efforts by AMCC, in less than two weeks all dislocated families were permanently relocated into new residences. AMCC's efforts along with the base and the community helped minimize the potential trauma caused by the natural disaster.

Disabled-Service Member Housing
The Marine Corps identified an increased need for disabled housing for its wounded members from Overseas Contingency Operations. They are working with privatized housing partners to make eight to ten percent of homes accessible, a significantly higher percentage than the Americans with Disabilities Act (ADA) standard. Additionally, the partners have provided wounded Marines who currently reside in privatized housing the opportunity to relocate to an accessible home, if one is available, or to remain in their current home which will be modified to meet ADA requirements. Wounded Marines not in privatized housing are given priority placement over non-wounded service members.

New School
As part of the Marine Corps' Mid-Atlantic Phase III project, the project owner is building a new DoD dependent elementary school at Marine Corps Base (MCB) Camp Lejeune, North Carolina. The school is being built in support of anticipated increased school enrollment generated by additional family housing necessary under the Grow the Force initiative and will serve children not easily absorbed by the local school system. Vertical construction of the school commenced in May 2010 and it is expected the school will be available for use in the fall of 2011.

Housing Service Centers
In direct response to resident and partner feedback, the Navy's Housing Welcome Centers have been reevaluated and redefined as Housing Service Centers. As Housing Service Centers their focus has been realigned to not only serve the inbound military members, but to better serve the outbound residents by putting them in touch with the PPV partners at their next duty station earlier in the relocation process.

Deployed Spouse Programs
Many project owners are going out of their way to provide assistance to families that have a spouse, parent, or family member who is deployed. Project owners are providing programs such as assembling furniture and toys, warm calls from leasing agents to find out how residents are doing, care packages, food, videos and other comforting items, as well as full-service landscaping. One project owner implemented a "honey-do" help program to assist spouses with simple tasks that can be difficult when maintaining a home on their own. Examples include hanging pictures, changing light bulbs, moving furniture, and hanging holiday decorations. Some project owners also sponsor group lunches and dinners and provide a venue for spouse meetings, such as the community center or a conference room. Project owners also hold events for the entire community, such as holiday events, movie nights, and welcome-home parties.

Additional School Space
Prior to privatization, Schriever AFB did not have any on-base housing. The construction of 242 new homes at Schriever is expected to add 161 elementary school students to the school district. To accommodate the influx of students, the project owner gave approximately $2 million to the school district to add approximately 10,000 square feet and 10 new classrooms to the existing elementary school. The school district was responsible for the construction project, which is now complete, without the involvement of the project owner or the Air Force.

Outreach

To better communicate with the young Marine families, the Atlantic Marine Corps Communities (AMCC) at Tri-Command Communities is providing neighborhood and community information and policies to the residents through the social networking site *Facebook*, as well as through normal channels. It was felt that the popularity of this site would allow for a broader dissemination of information.

Appendix 1: Acronyms

Below is an alphabetical list of acronyms that appear in this report.

Acronym	Definition
ACCG2	Air Combat Command Group 2
ADA	Americans with Disabilities Act
ADR	Average Daily Rate
AETC	Air Education and Training Command
AFB	Air Force Base
AFCEE	Air Force Center for Engineering and the Environment
AFG	AMBAC Financial Group
AHRN	Automated Housing Referral Network
AMC	Air Mobility Command
AMCC	Atlantic Marine Corps Communities (aka CLCPS)
BAH	Basic Allowance for Housing
BLB	Barksdale AFB, Langley AFB, Bolling AFB
BRAC	Base Realignment and Closure
CDMP	Community Development Master Plan
CEO	Chief Executive Officer
CLCPS	MCB Camp Lejeune/ MCAS Cherry Point/MCH (Marine Corps Housing) Stewart Terrace
CONUS	Continental United States
CPQH	Camp Pendleton Quantico Housing
CP2Q	Camp Pendleton II/Quantico
CVN	Nuclear Powered Aircraft Carrier
DCR	Debt Coverage Ratio
DLP	Differential Lease Payment
DoD	Department of Defense
DOE	Department of Energy
FY	Fiscal Year
GIC	Guaranteed Investment Contract
GMP	Guaranteed Maximum Price
GDL	Government Direct Loan
HMO	Housing Management Office
HP	Housing Privatization
HPC	Housing Privatization Compliance
IDP	Initial Development Period

Appendix 1 (Cont.)

JAG	Judge Advocate General
JBER	Joint Base Elmendorf-Richardson
LEED	Leadership in Energy Efficient Design
LEED ND	Leadership in Energy Efficient Design Neighborhood Development Program
MC	Marine Corps
MCAGCC	Marine Corps Air Ground Combat Center
MCAS	Marine Corps Air Station
MCB	Marine Corps Base
MCD	Marine Corp District
MCLB	Marine Corps Logistical Base
MCRD	Marine Corps Recruiting Depot
MHPI	Military Housing Privatization Initiative
MILCON	Military Construction
MRED	Master's Degree in Real Estate Development
NAS	Naval Air Station
NAVFAC	Naval Facilities Engineering Command
NAVSTA	Naval Station
NB	Naval Base
NC	Naval Complex
NOI	Net Operating Income
NOLA	New Orleans, LA
NPS	Naval Post Graduate School
NS	Naval Station
NSA	Naval Support Activity
NSB	Naval Submarine Base
NSGA	Naval Security Group Activity
NSWC	Naval Surface Warfare Center
OCONUS	Outside the Continental United States
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PAL	Privatization of Army Lodging
PAM	Project Asset Management
PCS	Permanent Change of Station

Appendix 1 (Cont.)

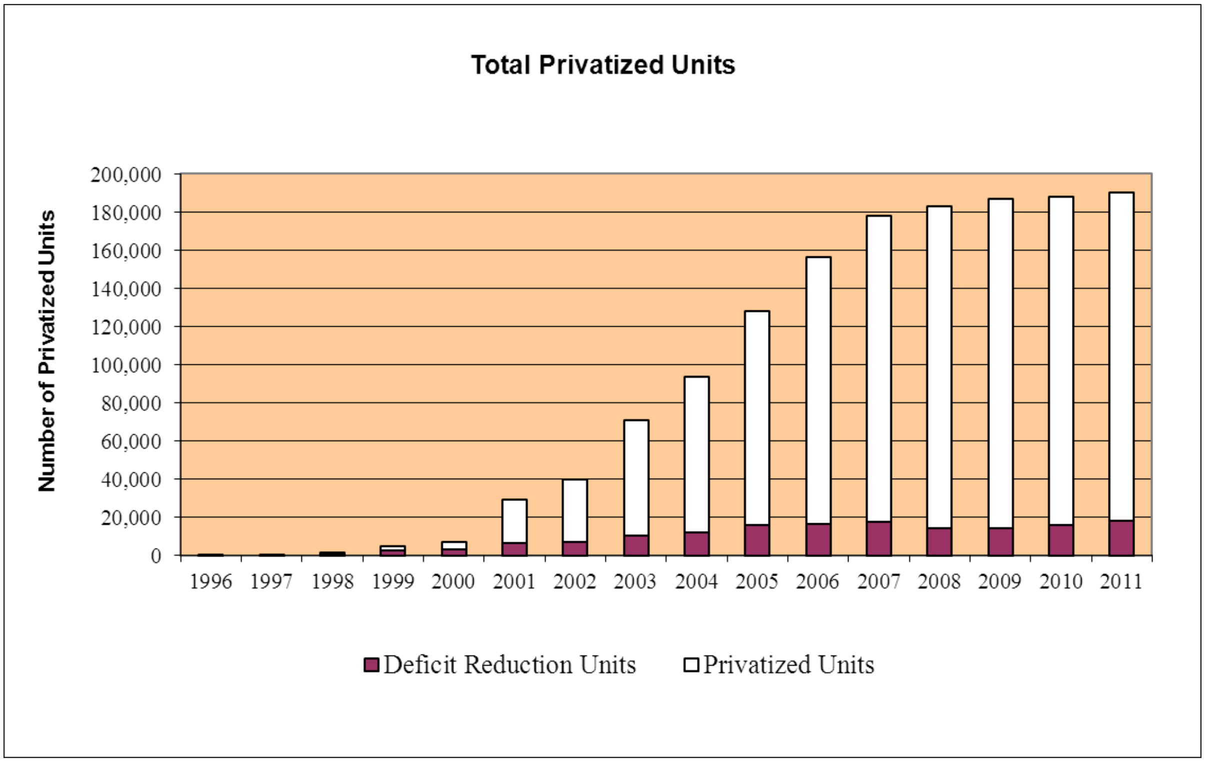
PDS	Professional Development Seminars
PEP	Program Evaluation Plan
PE/QU/YU	MCB Pendleton/MCB Quantico/MCAS Yuma
PHMA	Professional Housing Management Association
PMR	Program Management Review
PPV	Public Private Venture
RCI	Residential Communities Initiative
RECP	Resident Energy Conservation Program
SDP	Secondary Development Period
SOTX	South Texas
UOQ/USEQ	Unaccompanied Office Quarters/Unaccompanied Senior Enlisted Quarters
UH	Unaccompanied Housing
UPH	Unaccompanied Personnel Housing
USNA	US Naval Academy
WRAMC	Walter Reed Army Medical Center
WSMR	White Sands Missile Range

Appendix 2: Program Implementation Overview

As of the March 2011 PEP reporting period, a total of 103 privatized housing projects or project phases have been awarded across the DoD portfolio. A chronological list of the awarded projects is provided in Appendix 7. Due to the fact that some additional phases are incorporated into existing projects for reporting purposes, the discussion in this implementation overview refers to 76 projects.

The list provided in Appendix 7 represents both partial and full-base projects, with project scopes ranging in size from 150 units to over 10,000 units, and project development costs ranging from approximately $14 million to nearly $2.3 billion. In total, DoD anticipates privatizing over 90 percent of its domestic family housing (see Exhibit C.)

Exhibit C



A. Elimination of Inadequate Units.

At the start of the MHPI program in FY 1996, DoD established a goal to eliminate all CONUS inadequate family housing. Once privatized, the units are no longer considered as inadequate in the DoD Inventory. OSD credits privatization with eliminating inadequate housing units as privatization allows for rapid demolition, replacement, or renovation of inadequate units, and also allows for the sale without replacement of inadequate units no longer needed. The MHPI program currently includes over 133,000 previously inadequate housing units privatized since FY 1996.

Appendix 2 (Cont.)

B. Deficit Reduction Units

A number of installations face changes in military family housing requirements due to the restructuring and expansion of the military to more effectively address international threats. Some installations have housing deficits as a result of the realignment and relocation of military members and their families due to BRAC, global re-posturing, the Army's modularity program, and Grow the Force initiatives. The scope of current privatization projects includes the construction of over 18,000 new privatized homes to reduce the existing family housing deficit.

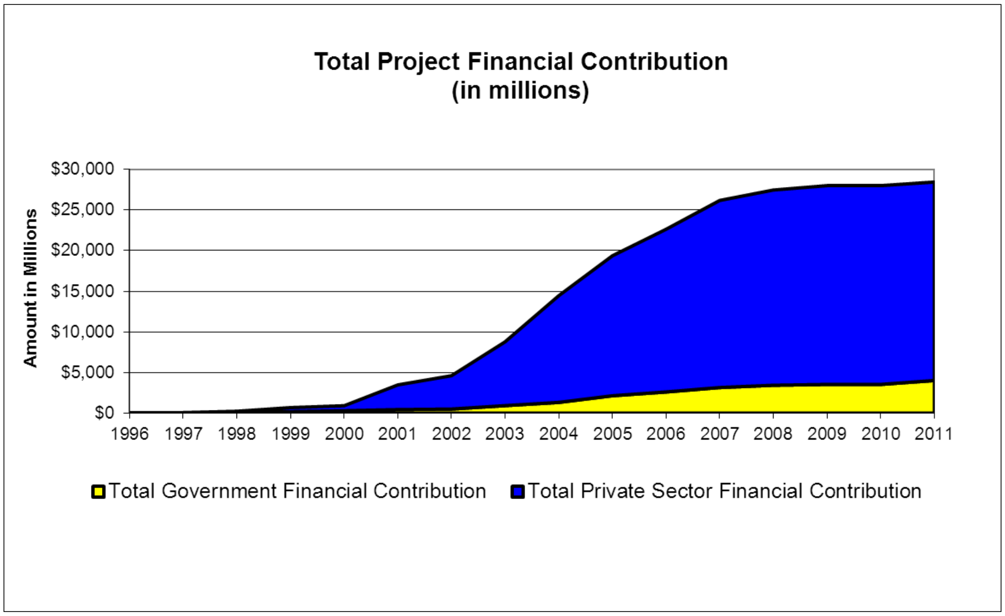
C. Total Government vs. Private Dollars

Through March 31, 2011, the Services have awarded 76 military family housing privatization projects with almost $29 billion in total development costs. The private sector's cumulative contribution through this timeframe totals over 85 percent of total development costs. The Services provided the remaining approximately $4.3 billion in development costs, primarily through equity investment or government direct loans.

Prudent business practice requires that a private sector developer commit to a significant financial investment to ensure a privatization project's ultimate success. Private sector debt and equity comprise the majority of the developer's financial contribution.

Exhibit D depicts the cumulative total contribution of the private sector and government to the MHPI from 1996 through March 2011.

Exhibit D



Appendix 2 (Cont.)

D. Private Sector Participation

The PEP provides an assessment of the evolving MHPI by tracking the level of participation, concentration of developers and lenders, and other solicitation and award factors in a competitive environment. Each Service implements the MHPI according to its unique needs. At a program level, MHPI has generated considerable interest from the development and lending communities.

Twenty-five development entities have participated in one or more projects as a prime contractor or partner since the program started in Fiscal Year 1996. Eight different developers successfully competed on the 34 Army projects; 11 different developers successfully competed on the 16 Navy projects; and 13 different developers successfully competed on the 26 Air Force projects. Joint ventures of two or more developers working together successfully competed on 11 projects. Four developers successfully competed on projects for more than one Military Department and three of those developers successfully competed on projects for all three Departments.

The 76 awarded MHPI projects received financing provided through 26 different lenders or teams of lenders. Five of these lenders or lender teams provided loans to projects for more than one Service, and one provided financing for projects in all three Departments.

Appendices 9 and 10 provide more detailed information on the developers and the lenders involved in the MHPI program.

Appendix 3: Construction and Operations Information

	Army: Construction and Operations Information									
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Ft Carson	3,368	0	1,553	841	54	1,815	1,823	100	2.30	97.3%
Ft Hood	5,912	0	973	974	100	4,939	1,624	33	2.22	99.1%
Ft Lewis	4,964	369	1,464	931	64	3,131	2,722	87	1.63	95.8%
Ft Meade	3,170	0	3,170	856	27	0	1,497	N/A	1.42	85.5%
Ft Bragg	6,205	2,173	2,650	1,967	74	1,382	2,108	153	2.14	95.5%
Presidio	2,209	0	2,168	1,016	47	41	55	134	1.48	91.9%
Ft Stewart	3,610	237	1,639	1,449	88	1,734	1,357	78	1.50	98%
Ft Campbell	4,455	910	1,551	1,233	79	1,994	1,013	51	1.50	98.2%
Ft Belvoir	2,070	270	1,630	1,190	73	170	538	316	1.33	93.8%
Ft Irwin/Moffett	2,900	1,664	1,104	1,010	91	132	256	194	1.17	98.4%
Ft Hamilton	228	0	222	185	83	6	43	717	1.20	95.4%
Ft Detrick/WRAMC*	590	36	485	407	84	70	15	21	1.26	93.0%
Ft Polk	3,821	331	1,123	366	33	2,367	2,066	87	1.62	86.3%
Hawaii	7,894	0	4,078	3,281	80	3,816	885	23	1.59	94.9%
Ft Eustis/ Ft Story	1,124	0	605	649	107	519	389	75	1.62	97.1%
Ft Leonard Wood	2,242	361	1,877	472	25	4	529	13,225	1.19	86.6%
Ft Sam Houston	925	466	181	181	100	278	434	156	1.48	97.1%
Ft Drum	3,669	2,270	1,399	1,399	100	0	0	N/A	1.59	98%
Ft Bliss / White Sands	3,956	1,696	1,583	1,453	92	677	662	98	1.15	95.6%
Ft Benning	4,200	261	3,185	1,399	44	754	515	68	1.85	85.5%
Ft Leavenworth	1,583	428	724	510	70	431	247	57	1.50	92.3%
Ft Rucker	1,476	530	700	594	85	246	552	224	1.50	86.9%
Ft Gordon	887	0	326	310	95	561	464	83	1.62	97.0%
Ft Riley	3,514	537	2,117	877	41	860	960	112	2.23	94.0%
Carlisle Barracks/Picatinny Arsenal	348	0	137	180	131	211	59	28	2.04	94.0%
Redstone Arsenal	230	145	0	2	N/A	85	115	135	1.64	95.5%
Ft Knox	2,527	301	755	327	43	1,471	603	41	1.34	94.5%
Ft Lee	1,590	730	748	517	69	112	0	0	1.68	95.1%
West Point	824	380	158	70	44	286	76	27	1.91	92.6%
Ft Jackson	850	0	610	323	53	240	0	0	1.42	61.9%
Ft Sill	1,650	408	432	0	0	810	0	0	1.45	95.3%
Ft Huachuca/Yuma	1,169	911	201	122	61	57	13	23	1.46	96.6%
Ft Wainwright/Greely	1,815	1,092	540	24	4	183	112	61	N/A	97.9%
Aberdeen Proving Ground	929	557	210	0	0	162	12	7	1.20	93.9%
Total	86,904	17,063	40,298	25,115	62	29,544	21,744	74		

*Discrepancy due to one unit that burned down prior to project closing.

ABBREVIATIONS:

Pri = Privatized
Const = Constructed or Construction
Comp = Completed
Reno = Renovated or Renovation
IDP = Initial Development Period
DCR = Debt Coverage Ratio
Occ. = Occupancy

Appendix 3 (Cont.)

	Navy/Marine Corps: Construction and Operations Information									
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Kingsville I	404	0	404	404	100	0	0	0	0.66	94.0%
Everett I	185	0	185	185	100	0	0	0	N/A	N/A
Camp Pendleton I	712	0	512	512	100	200	200	100	1.64	91.0%
Kingsville II	150	0	150	150	100	0	0	0	2.78	97.0%
Everett II	288	0	288	288	100	0	0	0	0.83	95.5%
San Diego	14,524	5,788	4,031	2,347	58	4,705	1,137	24	2.09	94.0%
New Orleans	941	200	525	525	100	216	216	100	1.59	96.0%
South Texas	665	101	550	312	57	14	102	729	0.48	83.0%
PE/QU/YU*	11,584	2,680	4,863	3,611	74	4,041	3,087	76	1.47	93.0%
N/MC Hawaii Overview	6,801	2,025	3,270	2,655	81	1,506	1,507	100	1.41	96.5%
NE Region	4,264	2,187	1,125	660	59	952	1,162	122	1.06	88.0%
NW Region	2,985	742	604	605	100	1,639	47	3	1.42	94.5%
MA Region	6,702	3,692	2,143	1,295	60	867	859	99	1.24	96.9%
Camp Lejeune/Cherry Point Overview*	8,059	1,845	2,520	1,979	79	3,694	3,083	83	1.38	95.1%
MW Region	1,719	1,063	566	542	96	90	74	82	1.15	93.0%
Southeast Region	5,269	1,579	1,520	887	58	2,170	639	29	1.22	89.0%
Total	65,252	21,902	23,256	16,957	73	20,094	12,113	60		

*Discrepancy in original scoring documents

ABBREVIATIONS:

Pri = Privatized
Const = Constructed or Construction
Comp = Completed
Reno = Renovated or Renovation
IDP = Initial Development Period
DCR = Debt Coverage Ratio
Occ. = Occupancy

Appendix 3 (Cont.)

	Air Force: Construction and Operations Information									
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Lackland	885	101	727	710	98	57	0	N/A	1.32	90.6%
Dyess	402	0	402	402	100	0	0	N/A	5.28	95.8%
Robins	670	0	370	370	100	300	300	100	1.42	95.8%
Elmendorf I	828	208	420	420	100	200	200	100	2.80	99.2%
Wright-Patterson	1,536	730	789	789	100	17	17	100	2.05	94.1%
Kirtland	1,078	211	867	867	100	0	0	N/A	1.72	94.0%
Buckley	351	0	351	351	100	0	0	N/A	1.32	95.4%
Elmendorf II	1,194	124	760	762	100	310	287	93	2.35	99.4%
Hickam	2,474	827	1,142	994	87	505	88	17	1.16	98.8%
Offutt	1,640	242	914	914	100	484	484	100	1.48	95.8%
Hill	1,018	435	389	391	101	194	86	44	2.77	97.2%
Dover	980	212	768	768	100	0	0	N/A	1.50	95.0%
Scott	1,593	574	608	608	100	411	411	100	1.21	96.6%
Nellis	1,178	13	815	815	100	350	363	104	1.45	98.5%
McGuire / Fort Dix	2,084	0	1,635	1433	88	449	449	100	1.65	90.8%
AETC Group I	2,875	713	884	716	81	1,278	822	64	1.59	88.7%
AF Academy	427	92	34	34	100	301	301	100	2.00	97.0%
Davis-Monthan and Holloman Group	1,838	298	961	961	100	579	417	72	1.45	98.0%
Tri-Group	1,564	8	977	553	57	579	0	0	1.14	93.6%
BLB	3,189	1,074	1,753	912	52	362	317	88	1.28	87.2%
Robins AFB 2	207	0	76	76	100	131	131	100	1.37	99.2%
AETC Group II	2,257	478	420	324	77	1,359	1376	101	1.16	92.2%
Vandenberg AFB	867	0	164	164	100	703	478	68	1.35	96.5%
AMC-East	1,458	730	531	370	70	197	68	35	1.45	94.7%
AMC West	2,435	684	837	669	80	914	258	28	1.56	98.2%
Falcon Group	2,619	112	661	636	96	1,846	1697	92	1.09	90.0%
Total	37,647	7,866	18,255	16,009	88	11,526	8,550	74		

ABBREVIATIONS:

Pri = Privatized
Const = Constructed or Construction
Comp = Completed
Reno = Renovated or Renovation
IDP = Initial Development Period
DCR = Debt Coverage Ratio
Occ. = Occupancy

Appendix 4: Recapitalization Account

Recapitalization Account	
Project	**% Deposit/Pro Forma**
Buckley AFB	0
Camp Pendleton	101
Dover AFB	0
Dyess AFB	699
Elmendorf AFB I	110
Elmendorf AFB II	309
Everett I	NA[1]
Everett II	NA[1]
Fort Carson	47
Fort Detrick/WRAMC	109
Fort Hood	491
Fort Hamilton	68
Fort Sam Houston	91
Kingsville I	NA[1]
Kingsville II	NA[1]
Kirtland AFB	93
New Orleans	90
South Texas	0
Redstone Arsenal	174
Robins AFB	100
Scott AFB	0
Wright Paterson AFB	1,108

1. Short term deal. No Recap account required.

Appendix 5: Tenant Waterfall

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Army	Ft Lewis	4463	37	0.8	No	No
	Ft Meade	1988	442	18.2	Yes	Yes
	Presidio	1388	676	32.8	Yes	Yes
	Ft Stewart/HAAF	3252	1	0.0	No	No
	Fort Campbell	4363	1	0.0	No	No
	Ft Belvoir	1845	38	2.0	No	No
	Ft Irwin/MF/CP	2709	123	4.3	Yes	Yes
	Ft Hamilton	177	94	34.7	Yes	Yes
	Ft Detrick / WRAMC	520	35	6.3	Yes	Yes
	Ft Polk	2974	50	1.7	Yes	Yes
	Ft Shafter	6752	221	3.2	Yes	No
	Ft Leonard Wood	1717	7	0.4	Yes	No
	Ft Sam Houston	889	8	0.9	Yes	Yes
	Ft Drum	3558	4	0.1	No	No
	Ft Bliss / White Sands	3483	122	3.4	Yes	Yes
	Ft Benning	3163	110	3.4	Yes	Yes
	Ft Leavenworth	1395	154	9.9	Yes	Yes
	Ft Rucker	1101	155	12.3	No	No
	Ft Gordon	1038	2	0.2	Yes	No
	Carlisle Barracks/Picatinny Arsenal	331	15	4.4	Yes	Yes
	Redstone Arsenal	231	105	31.3	Yes	No
	Ft Knox	2391	61	2.5	No	No
	Ft Lee	1306	7	0.5	Yes	Yes
	West Point	653	23	3.4	Yes	Yes
	Fort Jackson	415	44	9.6	Yes	No
	Fort Sill	1311	8	0.6	No	No
	Fort Huachuca	1223	116	8.7	Yes	Yes
	Fort Wainwright	1718	73	4.1	Yes	Yes
	Aberdeen Proving Ground	267	185	40.9	Yes	Yes
Air Force	Lackland I & II	814	15	1.8	Yes	No
	Dyess	170	215	55.8	Yes	Yes
	Robins	263	387	59.5	Yes	Yes
	Elmendorf I	714	107	13	No	No
	Wright-Patterson	935	511	35.3	Yes	Yes
	Kirtland	887	126	12.4	Yes	No
	Buckley	320	15	4.5	Yes	No
	Elmendorf II	1,138	49	4.1	No	No
	Hickam	1,856	226	10.9	No	No
	Offutt	1,244	432	25.8	Yes	Yes
	Hill	927	42	4.3	Yes	No
	Dover	851	80	8.6	Yes	No
	Scott	1,339	200	13	Yes	No
	McGuire AFB / Ft Dix	1,665	196	10.5	No	No
	AETC Group I	2,107	146	6.5	Yes	No
	AF Academy	386	267	40.9	Yes	Yes
	Davis-Monthan & Holloman Group	2,072	106	4.9	Yes	No
	Tri-Group	1,111	256	18.7	Yes	No
	BLB	2,326	214	8.4	Yes	No
	Robins II	221	36	14	Yes	No
	AETC Group II	1,818	226	11.1	Yes	No
	AMC East	1,337	76	5.4	Yes	No
	AMC West	2,487	10	0.4	Yes	No
	Falcon Group	814	15	1.8	Yes	Yes

*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

Appendix 5 (Cont.)

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Navy/ Marines	Kingsville I	51	303	85.6	Yes	Yes
	Kingsville II	44	101	69.7	Yes	Yes
	Everett II	171	104	37.8	Yes	Yes
	San Diego	12,073	6	0	Yes	Yes
	NOLA	712	186	20.7	Yes	Yes
	SOTX	194	150	43.6	Yes	Yes
	Hawaii Overview	6,386	38	0.6	Yes	Yes
	NE Region	2,471	557	18.4	Yes	Yes
	NW Region	2,977	53	1.7	Yes	Yes
	Mid-Atlantic Region	5,493	114	2	Yes	Yes
	Midwest Region	1,476	174	10.5	Yes	Yes
	Camp Pendleton II	10,158	15	0.1	Yes	No
	AMCC	7,173	189	2.6	Yes	Yes
	SE Region	3,942	621	13.6	Yes	Yes

*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

Appendix 6: Loan Guarantees

A limited loan guarantee addresses three events that could affect the available tenant supply of eligible personnel at an installation and therefore potentially affect the financial viability of the project. These three events are: downsizing of a military installation; prolonged deployment; and, base closure.

When the Guaranty Agreements were executed for four projects— Fort Carson, Colorado; Fort Polk, Louisiana; Kirtland AFB, New Mexico; and Fort Wainwright/Greely, Alaska—the Services identified the baseline number of eligible families used to determine a guaranteed threshold event. The threshold rates for these four projects, which could potentially trigger a guarantee claim, are definitive reductions of eligible military families from the identified baseline numbers. The threshold rate at Robins AFB, Georgia, uses a sliding scale based on the occurrence of one of two events—a percentage drop of eligible families in any 12-month period; or, a drop in the number of eligible families below a ratio of families versus privatized unit (1.5:1). The threshold rate for Wright-Patterson AFB, Ohio, is solely a drop in the number of eligible families below a ratio of families versus the number of privatized units (1.5:1).

The BRAC 2005 legislation produced military personnel tenant changes and other adjustments at many military installations. The properties identified for closure on the BRAC list did not include any MHPI projects with limited loan guarantees. The Services will evaluate and closely watch the military installations that were included on the BRAC list and involve major realignment, both increases and decreases.

The possibility of a reduction in eligible personnel due to the current extent of deployment actions continues to be of interest. A reduction in eligible personnel could affect projects that carry a limited loan guarantee because of the potential for a mortgage payment default. If this were to occur, the Service would require the borrower to demonstrate that the threshold reduction in the percentage of eligible personnel had occurred and had led to a mortgage payment default. The borrower could file a guaranty claim if a threshold event is triggered and a mortgage payment default occurs.

The following table summarizes the baseline number of eligible families (starting point for the threshold rate calculation), current eligible families, and defined threshold reduction percentage for each of the active guaranteed loans, and, if applicable, the baseline and current ratios of eligible military families per privatized unit for the five currently executed limited loan guarantee agreements.

Appendix 6 (Cont.)

Table 7

Loan Guarantee Threshold Rates and Status						
MHPI Project	**Fort Carson**	**Robins AFB**	**Fort Polk**	**Wright-Patterson AFB**	**Kirtland AFB**	**Fort Wainwright/ Greely**
Number of Privatized Housing Units	3,368	670	3,821	1,536	1,078	1,815
Baseline Date	Nov-1999	Dec-2009	Sep-2004	Dec-2006	Aug-2006	Apr-2009
Eligible Families as of Baseline Date	9,437	3,458	6,215	N/A	2,183	4,449
Eligible Families as of 31 March 2011	12,449	2,794	5,334	8,828	3,215	3,667
Guaranty Threshold	-40.00%	-30.00%	-30.00%	N/A	-25.00%	-33%
Current Change	31.92%	-19.20%	-14.18%	N/A	47.27%	-17.57%
Threshold Ratio	N/A	1.5:1	N/A	1.5:1	N/A	N/A
Current Ratio	N/A	4.2:1	N/A	5.7:1	N/A	N/A

Notes:

1. Guaranty Threshold is the percentage reduction in eligible personnel that triggers a guaranteed threshold event.
2. Current Change reflects the increase or decrease in the number of eligible personnel at the base within a certain timeframe. The timeframe for which the percentage change is measured for Robins AFB is based on a sliding 12-month timeframe. For this reporting period, that would be from Dec 2009 to Mar 2011 (this is a one-time 15 month period). For Fort Carson, Fort Polk, Wright-Patterson, Kirtland, and Fort Wainwright/Greely the percent change is based on the original Guaranteed Loan Baseline Date and the end of current PEP reporting period.
3. *Current Ratio* is calculated based on the number of "Eligible Families" as of the end of the current PEP reporting period divided by the "Number of Privatized Housing Units." The threshold rate for Wright-Patterson AFB is a drop in the number of eligible families below a ratio of families versus privatized units.
4. At Robins AFB, Georgia, the threshold rate uses a sliding scale based on the occurrence of either of two events: a percentage drop of eligible families, or a drop in the number of eligible families below a ratio of families versus privatized units.

To date, no project has experienced a guaranteed threshold event. Currently three projects, Robins AFB, Georgia; Fort Polk, Louisiana; and Fort Wainwright/Greely, Alaska, have eligible populations less than their baseline number. Two projects have retired guarantees, Lackland AFB Phase I and Elmendorf AFB Phase I. The Air Force negotiated to retire the guarantee at Elmendorf AFB Phase I when the project refinanced in 2004. The Air Force negotiated for the elimination of the guarantee at Lackland AFB when the project was sold to Balfour Beatty Communities and the scope expanded. Although all six of the projects with existing loan guarantees are currently healthy in terms of occupancy, the Services will continue to monitor them to assess the impact of BRAC, ongoing long-term deployments, and Service realignments.

Appendix 7: Privatized Projects Awarded

The following is a chronological list of partial and full base housing privatization projects awarded by the Services from 1996 through March 31, 2011.

- Corpus Christi/Kingsville I, TX-Navy
- NS Everett I, WA
- Lackland AFB, TX
- Fort Carson, CO
- Dyess AFB, TX
- Robins AFB, GA
- NAS Kingsville II, TX
- MCB Camp Pendleton, CA
- NS Everett II, WA
- Elmendorf AFB, AK
- San Diego Naval Complex (Ph I), CA *
- New Orleans Naval Complex, LA (NOLA)
- Fort Hood, TX
- South Texas, TX (SOTX)-Navy
- Fort Lewis, WA/McChord AFB, WA
- Fort Meade, MD
- Wright-Patterson AFB, OH
- Tri-Command Military Housing (Beaufort), SC-USMC
- Kirtland AFB, NM
- San Diego Naval Complex (Ph II), CA *
- Fort Bragg, NC
- MCB Camp Pendleton, (Ph II), CA/Quantico, VA *
- Presidio of Monterey/NPS, CA
- Fort Stewart/Hunter Army Airfield, GA
- Fort Belvoir, VA
- Fort Campbell, KY
- Fort Irwin/Moffett Field/Camp Parks, CA
- Hawaii Regional (Ph I), HI-Navy *
- Fort Hamilton, NY
- Fort Detrick, MD/Walter Reed Army Med. Ctr, DC
- Buckley AFB, CO
- Elmendorf AFB (Ph II), AK
- Fort Polk, LA
- MCAS Yuma, AZ/Camp Pendleton (Ph III), CA*
- Fort Shafter/Schofield Barracks, HI
- Northeast Regional, (NY, NJ, CT, RI, ME)-Navy
- Fort Eustis/Fort Story, VA
- Hickam AFB, HI
- Northwest Regional, WA-Navy*
- Fort Sam Houston, TX
- Fort Leonard Wood, MO
- Fort Drum, NY
- Fort Bliss, TX/White Sands, NM
- Mid-Atlantic Regional, (VA, WV, MD)-Navy

Appendix 7 (Cont.)

- Offutt AFB, NE
- Hill AFB, UT
- Dover AFB, DE
- MCGACC 29 Palms, CA/MCSA Kansas City, MO *
- MCB Camp Lejeune/MCAS Cherry Point, NC *
- Midwest Regional, (IL, IN)-Navy*
- Scott AFB, IL
- Fort Benning, GA
- Fort Leavenworth, KS
- Fort Rucker, AL
- Fort Gordon, GA
- Nellis AFB, NV
- San Diego Naval Complex (Ph III), CA *
- Carlisle Barracks, PA/Picatinny Arsenal, NJ
- Fort Riley, KS
- MCB Camp Lejeune/MCAS Cherry Point (Ph II), NC *
- MCB Camp Pendleton (Ph IV), CA *
- MCB Hawaii (Ph II), HI*
- Hawaii (Ph III), HI-Navy *
- McGuire AFB/Fort Dix, NJ-Air Force
- Redstone Arsenal, AL
- Fort Knox, KY
- AETC Group I, (OK, AZ, TX, FL)
- AF Academy, CO
- Davis-Monthan AFB, AZ/Holloman AFB, NM
- Hickam AFB (Phase II), HI*
- Fort Lee, VA
- Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)
- BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)
- Southeast Regional (SC, MS, FL, GA, TX) - Navy
- Midwest, South Millington (Ph II), TN*
- San Diego Naval Complex (Ph IV), CA*
- MCB Hawaii, HA Phase IV*
- MCB Camp Lejeune/Cherry Point (Ph III), NC*
- MCB Camp Pendleton, CA/Albany (Ph V), GA*
- Robins AFB (Ph II), GA
- AETC Group II (MS, TX, AL, OK)
- Vandenberg AFB, CA
- AMC East (Andrews AFB, MD/MacDill AFB, FL)
- AMC West (Tinker AFB; Travis AFB; Fairchild AFB)
- West Point, NY
- Fort Jackson, SC
- Fort Sill, OK
- Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)
- Fort Huachuca/Yuma, AZ
- Fort Wainwright/Greely, AK
- Mid-Atlantic Phase III/Camp Lejeune Phase IV, NC
- Aberdeen Proving Ground, MD
- MCB Pendleton (Ph VIII)
- Hawaii Regional Navy/MCB (Ph V)

*For reporting purposes, the following projects are combined and reported as single projects:

1. MCB Camp Pendleton II/Quantico, MCAS Yuma/Camp Pendleton III, MCGACC 29 Palms/MCSA Kansas City, MCB Camp Pendleton IV, MCB Camp Pendleton V and MCB Pendleton VIII.

2. San Diego I, II, III and IV.
3. MCB Camp Lejeune/MCAS Cherry Point Phase I, II & III. Tri-Command will also be reported in the Camp Lejeune/Cherry Point Overview.
4. Navy-Hawaii Phase I & III, MCB Hawaii Phases II, IV and V will all be reported as one project.
5. Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB have been combined into the Falcon Group.
6. Mid-Atlantic Phase III/Camp Lejeune IV will be reported with the Mid-Atlantic project.

Appendix 8: Multi-Base Projects

The following list details awarded projects that include housing at more than one base.

- AETC Group I: Altus AFB, OK; Luke AFB, AZ; Sheppard AFB, TX; Tyndell AFB, FL
- AETC Group II: Columbus AFB, MS; Goodfellow AFB, TX; Laughlin AFB, TX; Maxwell AFB, AL; Randolph AFB, TX; Vance AFB, OK
- BLB: Barksdale AFB, LA; Langley AFB, VA; Bolling AFB, DC
- AMC West: Fairchild AFB, WA; Tinker AFB, OK; Travis AFB, CA
- AMC East: Andrews AFB, MD; MacDill AFB, FL
- Tri-Group: Peterson AFB, CO; Schriever AFB, CO; Los Angeles AFB, CA
- ACCG2: Davis-Monthan AFB, AZ; Holloman AFB, NM
- Falcon Group: Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA; Patrick AFB, FL
- Navy-Southeast Region: Naval Weapons Station Charleston, SC; NAS Joint Reserve Base Fort Worth, TX; Naval Construction Battalion Center Gulfport, MS; NAS Jacksonville, FL; NS Mayport, FL; NAS Pensacola, FL; NAS Whiting Field, FL; NAS Key West, FL; NSB Kings Bay, GA; NAS Meridian, MS; NSA Panama City, FL
- Midwest Region: South Millington, TN; Naval Station Great Lakes, IL; Naval Support Activity Center Crane, IN
- Camp Lejeune/Cherry Point Overview: MCB Camp Lejeune / MCAS Cherry Point, NC; Westover, MA; Stewart Terrace Housing, NY; MCAS Beaufort & MCRD Parris Island, SC
- PE/QU/YU (Camp Pendleton II): MCB Camp Pendleton, CA; Albany, GA; MCGACC Twenty-nine Palms, CA; MCAS Kansas City, MO; MCAS Yuma, AZ; MCB Quantico, VA
- Northeast Integrated Phase 1: Walter Reed Army Medical Center, DC; Fort Detrick, MD
- Northeast Integrated Phase 2: Carlisle Barracks, PA; Picatinny Arsenal, NJ
- Northeast Region: NE Submarine Base New London, CT; NE Saratoga Springs, NY; NE NAVSTA Newport, RI; NE NAS Brunswick, ME; NE Mitchel Complex, NY; NE Lakehurst, NJ; Naval Shipyard Portsmouth, ME; NE Weapons Station Earle, NJ
- Mid-Atlantic-Navy Region: Hampton Roads, VA; USNA, MD; NSWC, Indian Head, MD; NSWC, Dahlgren, VA; NSGA, Sugar Grove, WV; NAS, Patuxent River, MD; Camp Lejeune, NC
- Navy Northwest Region: NB Kitsap-Bangor; Naval Undersea Warfare Center Keyport; Naval Magazine Indian Island; Olalla; Kingston; Bainbridge Island; NB Kitsap-Bremerton; Fort Lawton; Magnolia; Brier; and Naval Radio Transmitter Station Jim Creek; and NAS Whidbey, WA
- Navy/MC Hawaii: Pearl Harbor, Oahu, HI; Kaneohe, Oahu, HI; and Kekaha, Kauai, HI
- Kingsville I: NAS Kingsville, TX; NS Ingleside/Portland/Bridge Pointe, TX
- Army Hawaii: Fort Shafter, Schofield Barracks, Wheeler Army Airfield, Helemano, Honolulu, Alimanu, & Kai'l Kai Hale, HI
- Fort Irwin/Moffett Field/Camp Parks: Fort Irwin, Moffett Field, and Camp Parks, Dublin, CA
- Fort Eustis and Fort Story, VA
- Fort Bliss/WSMR: Fort Bliss, TX and White Sands Missile Range, NM
- Fort Lewis/McChord: Fort Lewis, WA; McChord AFB, WA
- Fort Huachuca/Yuma: Fort Huachuca, AZ; Yuma Proving Grounds, AZ
- Fort Wainwright/Greely: Fort Wainwright, AK; Fort Greely, AK
- Presidio of Monterey/NPS: Presidio of Monterey, CA; and Naval Post Graduate School, CA
- Fort Bragg/Pope AFB: Fort Bragg, NC; and Pope AFB, NC

Appendix 9: Developer Participation

Developer Participation in MHPI Program								
	Navy/Marines Corps		Army		Air Force		Total	
Developer	Projects	Privatized Units	Projects	Privatized Units	Projects	Privatized Units	Installations	Privatized Units
Lincoln	1	6,702	1	925			2	7,627
Lincoln/Clark	1	14,524					1	14,524
Hunt/Lincoln/Clark	1	11,584					1	11,584
Actus Lend Lease	1	8,059	6	26,272	3	5,876	10	40,207
Hunt Building Corp.	2	862	2	1,820	8	9,297	12	11,979
Picerne RE Grp.			7	20,765			7	20,765
Clark/Pinnacle Family			4	11,379			4	11,379
Clark					1	1,458	1	1,458
Balfour Beatty	2	9,533	11	18,027	3	4,627	16	32,187
EQR Residential/Lincoln Properties			1	4,964			1	4,964
MV Communities/Woolpert LLP/Hunt					1	1,536	1	1,536
Faulkner USA (Landmark)	2	1,069					2	1,069
Patrician Development	1	941					1	941
Aurora Military Properties					2	2,022	2	2,022
Gateway Development/CED Military Group	1	288					1	288
Dujardin Development Co.	1	185					1	185
Investment Builders/Hunt					1	351	1	351
BHMH (Boyer/Gardner)					1	1,018	1	1,018
The Michaels Development Company			2	2,752			2	2,752
America First Communities					1	1,640	1	1,640
United Communities/First Montgomery Group					1	2,084	1	2,084
Hunt ELP/Forest City Military Communities					1	427	1	427
Hunt/Pinnacle Communities					2	4,876	2	4,876
Forest City Enterprises	3	11,505					3	11,505
AMC West					1	2,435	1	2,435
Total	16	65,252	34	86,904	26	37,647	76	189,803

Notes:

1. Table reflects each developer's participation for all individual and team project awards.
2. Table does not include the Navy's UPH projects nor the Army's UOQ units.
3. Clark and Lincoln teamed to develop San Diego.
4. Hunt, Clark and Lincoln teamed to develop Camp Pendleton II.
5. Lincoln teamed with EQR to develop Fort Lewis.
6. Hunt, MV Communities and Woolpert teamed to develop Wright-Patterson AFB.
7. Gateway and CED Military Group teamed to develop Everett II.
8. Investment Builders Inc teamed with Hunt Building Corp. to develop Buckley AFB.
9. United Communities teamed with First Montgomery Group to develop McGuire AFB/Fort Dix.
10. Clark Realty and Pinnacle teamed up to develop Fort Belvoir, Fort Irwin/Moffett Field, Presidio/Monterey and Fort Benning.
11. BHMH (Boyer/Gardner) teamed up to develop Hill AFB.
12. Hunt ELP and Forest City Military Communities have teamed up to develop the Air Force Academy.
13. Pinnacle and Hunt teamed to develop AETC Group II

Updates:

13. Forts Carson, Stewart/Hunter, Hamilton, Detrick/WRAMC, Eustis, Bliss/White Sands and Carlisle/Picatinny: GMH portfolio was transferred to Balfour Beatty.
14. Fort Leonard Wood: Original developer was American Eagle and is now Balfour Beatty.
15. Navy Nortwest: Original developer was American Eagle (CEI/Shaw) and is now Forest City.
16. Vandenburg AFB and AETC I: Original developer was GMH and is now Balfour Beatty.
17. SOTX: Original developer was Landmark (Faulkner and is now Coastal Navy.
18. Navy Northeast and Southeast; Original developer was GMH and is now Balfour Beatty.
19. Lackland AFB: Original developer was Faulkner USA and is now Balfour Beatty.
20. Hunt/Pinnacle is the developer for Falcon Group, which is comprised of Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB. American Eagle was the previous developer for these projects.

Appendix 10: Lender Participation

Lenders Participation in MHPI Program				
Lender	Army	Air Force	Navy/Marines	Total by Lenders
Jefferies Mortgage Finance, Inc.	18	16		34
Société Générale	1		2	3
Société Générale/Colorado Housing and Finance Corporation	1			1
Bear Stearns	1			1
Bank of America	3			3
Lehman Brothers	2	1		3
Keycorp			1	1
Merrill Lynch	1	2		3
Merrill Lynch/Goldman Sachs	1			1
Kleberg First National Bank			1	1
Newman/GMAC (Capmark)			1	1
Raymond James	2		1	3
U.S. Bank of Washington			1	1
JP Morgan/Goldman Sachs/BOFA	1			1
Morgan Keegan & Company Inc.	1			1
Bank of America/Bear Sterns			1	1
Goldman Sachs	1	3	1	5
Goldman Sachs/Bank of America			2	2
Merril Lynch, Pierce, Fenner & Smith Incorporated		1		1
Bank of America/Bear Sterns/Goldman Sachs			1	1
Barclays Capital			1	1
Merrill Lynch/Barclays Capital			1	1
Lehman Brothers/Colorado Housing and Finance Authority		1		1
Bank of New York			1	1
Arbor Commercial Mortgage			1	1
Goldman Sachs/AHFC	1			
Total	34	24	16	73

Notes:

1. Table does not include the Navy's UPH projects nor the Army's UOQ units.
2. GMAC and Newman are jointly financing Camp Pendleton I.
3. Merrill Lynch/Barclays Capital are jointly financing the Navy/MC Hawaii Project.
4. Bank of America and Bear Stearns are jointly financing San Diego.
5. Bank of America, Bear Sterns and Goldman Sachs are jointly financing Camp Pendleton II.
6. Bank of America, Goldman Sachs, and JP Morgan are jointly financing the Army's Hawaii project.
7. Bank of America and Goldman Sachs are jointly financing Mid-Atlantic Region and AMCC.
8. Merrill Lynch and Goldman Sachs are jointly financing Fort Benning.
9. Lehman Brothers and Colorado Housing and Finance Authority are jointly financing the Air Force Academy.
10. Merrill Lynch, Pierce, Fenner & Smith Incorporated are jointly financing AMC-East.
11. Dyess AFB was the only project totally financed by the government and is not included on this chart.

Updates:

11. Elmendorf I: Original lender was Alaska Housing Finance and is now Merrill Lynch.
12. Navy Northeast: Original lender was Raymond James and is now Goldman Sachs.
13. Navy Midwest: Original lender was Lehman Brothers and is now Barclays Capital.
14. Navy/MC Hawaii: Original lender was Merrill Lynch/Lehman Brothers and is now Merrill Lynch/Barclays Capital.
15. The original lenders for Patrick AFB and Little Rock AFB were Morgan Keegan, for Moody AFB it was Raymond James and for Hanscom AFB it was Rockport Mortgage Company. These projects are now Falcon Group; a new lender has not yet been named.
16. Everett II: Original lender was Bank of America and is now Arbor Commercial Mortgage.
17. Navy Northwest: Original lender was Raymond James and is now Bank of New York.
18. Capmark's military housing portfolio has been transferred to Jefferies Mortgage Finance, Inc. This includes 16 Army projects and 16 Air Force projects.
19. Fort Carson: Original lender was Societe Generale and is now Societe Generale/Colorado Housing and Finance Corporation.
20. Kingsville I: Original lender was Malone Mortgage Company and is now Keycorp.
21. Fort Wainwright/Greely: Original lender was Goldman Sachs and is now Goldman Sachs/AHFC.
22. Fort Irwin/Moffett Field/Camp Parks: Original lender was Lehman Brothers and is now Jefferies Mortgage Finance, Inc.
22. Fort Hamilton: Original lender was Lehman Brothers and is now Jefferies Mortgage Finance, Inc.

Appendix 11: Contract Support*

Installation	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs ($M)
ARMY FAMILY HOUSING PRIVATIZATION				
Ft. Carson, CO -- Phase I	Sep-96	Sep-99	Sep-99	$3.41
Ft. Hood, TX	Dec-98	Jan-00	Oct-01	$3.12
Ft. Lewis, WA	Nov-99	Jul-00	Apr-02	$2.61
Ft. Meade, MD	Mar-00	Aug-00	May-02	$2.61
Ft. Bragg/PopeAFB, NC	Jul-01	Mar-02	Aug-03	$1.53
Ft. Stewart/Hunter, GA	Jul-01	Oct-02	Nov-03	$1.54
Ft. Campbell, KY	Jul-01	May-02	Dec-03	$1.55
Presidio & NPS Monterey, CA	Sep-01	Apr-02	Oct-03	$1.28
Ft. Belvoir, VA	Nov-01	Jul-02	Dec-03	$1.45
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase I & II	Sep-01	Jul-02	Mar-04	$1.48
Ft. Hamilton, NY	Nov-01	Apr-03	Jun-04	$1.26
Walter Reed Med Ctr, DC/Ft Detrick, MD	Nov-01	Feb-03	Jul-04	$1.54
Ft. Polk, LA	Jul-01	Feb-03	Sep-04	$1.52
Ft. Shafter/Schofield Barracks, HI	Aug-02	Jun-03	Oct-04	$1.56
Ft. Eustis/Story, VA	Nov-01	Nov-02	Dec-04	$1.51
Ft. Sam Houston, TX	Jan-03	Dec-03	Mar-05	$1.55
Ft. Leonard Wood, MO	Jan-03	Sep-03	Mar-05	$1.52
Ft. Drum, NY	Apr-03	Dec-03	May-05	$1.53
Ft. Bliss, TX/White Sands Missile Range, NM -- Phase I	Jan-03	Mar-04	Jul-05	$1.74
Ft. Benning, GA	Jan-04	Oct-04	Jan-06	$1.53
Ft. Leavenworth, KS	Mar-04	Jan-05	Mar-06	$1.51
Ft. Rucker, AL	Jan-04	Feb-05	Apr-06	$1.53
Ft. Gordon, GA	Jan-04	Jun-05	May-06	$1.53
Picatinny Arsenal, NJ/Carlisle Brks, PA	Nov-01	Feb-03	May-06	$1.83
Ft. Riley, KS	Jul-04	Apr-05	Jul-06	$1.52
Redstone Arsenal, AL	Jul-04	Sep-05	Oct-06	$1.50
Ft. Knox, KY	Mar-04	Dec-05	Dec-06	$1.55
Ft. Lee, VA	Sep-05	Sep-06	Aug-07	$1.51
Ft. Drum, NY -- Phase II AMF	NA	May-08	Jun-08	$0.49
U.S. Military Academy, NY	Sep-05	Mar-07	Aug-08	$1.17
Ft. Jackson, SC	Sep-05	Jul-07	Aug-08	$1.18
Ft. Sill, OK****	Oct-05	Oct-07	Nov-08	$1.43
Ft. Lewis - McChord AFB Integration	Nov-99	Jul-00	Dec-08	$0.28
Ft. Wainwright/Ft Greely, AK -- Phases I & II****	Jan-07	Nov-07	Apr-09	$2.55
Ft. Huachuca/Yuma proving Ground, AZ	Jan-08	Feb-08	Apr-09	$2.50
Aberdeen Proving Ground, MD****	Jan-07	May-08	Dec-09	$2.30
Ft. Carson, CO -- Grow The Army I				$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase III				$0.00
Ft. Bliss, TX/White Sands Missile Range, NM -- Phase II				$0.00
Ft. Bliss, TX/White Sands Missile Range, NM --Grow The Army I				$0.00
Office of the Secretary of Defense (OSD) Approved Projects				
Projects Subject to OSD Approval				
Ft. Carson, CO -- Grow The Army II	TBD	TBD	FY 10	$0.00
Ft. Lewis, WA -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Bragg, NC -- BRAC	TBD	TBD	FY 10	$0.00
Ft. Bragg, NC - Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Stewart, GA -- Demo	TBD	TBD	FY 10	$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase IV	TBD	TBD	FY 10	$0.00
Ft. Hamilton, NY -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft. Polk, LA -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Eustis/Story, VA - BRAC	TBD	TBD	FY 10	$0.00
Ft. Eustis/Story, VA - Phase II	TBD	TBD	FY 10	$0.00
Ft. Leonard Wood, MO -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft. Bliss, TX/White Sands Missile Range, NM -- Grow The Army II	TBD	TBD	FY 10	$0.00
Ft. Knox, KY -- Phase II	TBD	TBD	FY 10	$0.00
Ft. Knox, KY -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Sill, OK -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Sill, OK -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft Wainwright, AK -- Phase III	TBD	TBD	FY 10	$0.00
Ft Wainwright, AK -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft. Richardson, AK -- Initial Privatization (Air Force Program)	Jan-08	Dec-08	FY 10	$0.00
Carlisle Barracks, PA/Picatinny Arsenal, NJ -- Phase II	TBD	TBD	FY 11	$0.00
Ft Eustis/Story, VA -- Phase II	TBD	TBD	FY 11	$0.00
Other Consultant Program Costs and Portfolio Management (Army) (2):				$56.92
Total:				$117.14

Army Notes:

(****) Denotes Army has awarded the development of the Community Development Management Plan (CDMP) to a selected offeror (developer).

The CDMP is the Master Plan/Scope for a housing privatization project. Submission of the CDMP to Congress is generally 9 months later, and final transfer of operations to a developer generally occurs 3 months after Congressional approval.

*Army contract support information is as of June 30, 2010.

Appendix 11 (Cont.)

Installation	Notify Congress Solicitation	Notify Congress Selection	Deal Closing/Contract Award	Consultant Costs ($M)
NAVY AND MARINE CORPS FAMILY HOUSING PRIVATIZATION				
Navy Family Housing				
NAS Corpus Christi/NAS Kingsville, TX (Kingsville I)		Jul-96	Jul-96	$0.20
NS Everett, WA (sold)		Mar-97	Mar-97	$0.26
NS Everett II, WA	Oct-98	Dec-00	Dec-00	$0.71
NAS Kingsville, TX (Kingsville II)	Oct-98	Nov-00	Nov-00	$0.29
NC San Diego, CA (Phase I)	Nov-98	Aug-01	Aug-01	$0.75
NC South Texas, TX	Nov-98	Feb-02	Feb-02	$1.73
NC New Orleans, LA	Dec-98	Oct-01	Oct-01	$1.02
NC San Diego, CA (Phase II)	Aug-02	May-03	May-03	$0.33
Hawaii Regional, HI (Phase I)	Jan-03	May-04	May-04	$1.31
Northeast (NY, NJ, CT, RI, NH, ME)	Jun-03	Nov-04	Nov-04	$2.83
Northwest (WA) (Phase I)	Aug-03	Jan-05	Jan-05	$2.86
Mid-Atlantic Regional (VA, MD, WV) (note 1)	Feb-04	Aug-05	Aug-05	$2.51
Midwest (IL, IN)	Jul-04	Jan-06	Jan-06	$1.95
NC San Diego, CA (Phase III)	Nov-04	May-06	May-06	$1.02
Hawaii Regional, HI (Phase III)	Sep-05	Sep-06	Sep-06	$1.03
Southeast Regional (TN, SC, FL, MS, GA)	Dec-06	Sep-07	Sep-07	$2.33
Midwest PH II (Mid-South)	Feb-07	Sep-07	Sep-07	$0.87
San Diego Phase IV	Feb-07	Sep-07	Sep-07	$0.64
MidAtlantic PH II (Mechanicsburg)	Dec-07	Jan-10	Jan-10	$0.33
NC San Diego, CA (Phase V) (National Capital Region assets)	Dec-07	Jan-10	Jan-10	$0.33
Navy Unaccompanied Housing				
San Diego, CA Barracks	Jun-04	Dec-06	Dec-06	$1.34
Hampton Roads, VA Barracks	Aug-05	Dec-07	Dec-07	$1.86
Subtotal Navy				***$26.48***
Marine Corps Family Housing				
Installation	**Notify Congress Solicitation**	**Notify Congress Selection**	**Deal Closing/Contract Award**	**Consultant Costs ($M)**
MCB Camp Pendleton, CA (Phase 1)	Oct-98	Nov-00	Nov-00	$0.37
MCAS Beaufort/MCD Parris Is.,SC	May-01	Mar-03	Mar-03	$1.29
MCB Camp Pendleton,CA (Ph 2)/MCB Quantico, VA (CP2Q)	Aug-02	Sep-03	Sep-03	$1.33
MCAS Yuma, AZ/MCB Camp Pendleton, CA (Ph 3) (CPQH PH2)	Feb-04	Oct-04	Oct-04	$0.32
MCB Camp Lejeune/MCAS Cherry Pt/Stewart (CLCPS)	Apr-04	Sep-05	Sep-05	$1.70
MCAS Kansas City, MO/MCGACC 29 Palms, CA (CPQH PH3)	Oct-04	Sep-05	Sep-05	$0.43
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 2)	Nov-05	Sep-06	Sep-06	$0.37
Hawaii Regional, Phase II (MCB Hawaii, HI Phase 1)	Dec-05	Sep-06	Sep-06	$0.59
MCB Camp Pendleton, CA (Ph 4) (CPQH PH 4)	Dec-05	Sep-06	Sep-06	$0.46
Hawaii Regional, Phase IV (MCB Hawaii, HI Phase 2)	Dec-06	Sep-07	Sep-07	$0.60
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 3)*	Dec-06	Sep-07	Sep-07	$0.64
MCB Camp Pendleton, CA (Phase 5) (CPQH PH5)	Dec-06	Sep-07	Sep-07	$1.16
MidAtlantic Regional Phase III (MCB Camp Lejeune (Phase 4)	Jan-08	Dec-09	Dec-09	$0.70
MCAGCC 29 Palms, CA (Ph 2) (CPQH PH6)	Jan-08	Jan-10	Jan-10	$0.60
MCB Camp Pendleton, CA (Ph 6) (CPQH PH7)	Jan-08	Jan-10	Jan-10	$0.24
MidAtlantic Regional Phase IV (MCB Camp Lejeune Phase 5)	Oct-09	Sep-10	Sep-10	$0.09
MCAGCC 29 Palms, CA (Ph 3) (CPQH PH8)	Oct-09	Sep-10	Sep-10	$0.22
Hawaii Regional, Phase V (MCB Hawaii, HI Phase 3)	Jan-10	Sep-10	Sep-10	$0.57
Office of Secretary of Defense (OSD) Approved Projects				
MCB Camp Pendleton, CA (Ph 7) (CPQH PH9)	Dec-09	Sep-10	TBD	$0.10
Projects Subject to OSD Approval				
MCB Camp Lejeune, NC (Phase 6)	TBD	TBD	TBD	$0.05
MCB Camp Lejeune, NC (Phase 7)	TBD	TBD	TBD	$0.00
MCB Camp Pendleton, CA (Ph 8) (CPQH PH10)	TBD	TBD	TBD	$0.17
MCB Camp Lejeune, NC (Phase 8)	TBD	TBD	TBD	$0.00
MCB Camp Pendleton, CA (Ph 9)/MCLB Albany (Ph 2) (CPQH PH11)	TBD	TBD	TBD	$0.02
MCB Camp Lejeune, NC (Phase 9)	TBD	TBD	TBD	$0.00
Guam	TBD	TBD	TBD	$2.45
Subtotal USMC				***$14.47***
Other Consultant Program Costs-Portolio Management (Navy)				
Other Consultant Program Costs-Portfolio Management (Marine Corps)				
Other Consultant Program Costs-Portfolio Management (Navy and Marine Corps)(note 3)				***$24.69***
Total				***$65.65***

Navy/MC Notes:

* Does not include Beaufort/Parris Island which was included in CLCPS in Phase 3

(1) Agreement has since lapsed and assets have been sold off.

(2) MCAS Beaufort/MCD Parris Island, SC includes 53 Navy units.

(3) Other consultant costs include canceled projects and Navy costs incurred in conjunction with joint Service projects.

Appendix 11 (Cont.)

Installation	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs ($M)
AIR FORCE FAMILY HOUSING PRIVATIZATION				
Lackland AFB, TX	Sep-96	May-98	Aug-98	$3.4
Robins AFB, GA	Oct-98	Jun-00	Sep-00	$4.0
Dyess AFB, TX	Jun-99	Aug-00	Sep-00	$2.4
Elmendorf AFB, AK	Jan-00	Aug-00	Mar-01	$3.4
Wright-Patterson AFB, OH	Feb-01	May-02	Aug-02	$3.0
Kirtland AFB, NM	Aug-00	Dec-02	May-03	$2.9
Buckley AFB, CO	Jun-03	Nov-03	Aug-04	$2.0
Elmendorf AFB, AK (Phase II)	Nov-03	Jul-04	Oct-04	$1.8
Hickam AFB, HI	Mar-02	Jul-03	Feb-05	$2.5
Offutt AFB, NE	May-03	Jun-05	Sep-05	$3.0
Dover AFB, DE	Jul-04	Jun-05	Oct-05	$2.4
Hill AFB, UT	Oct-03	Mar-05	Oct-05	$2.0
Scott AFB, IL	Nov-04	Jul-05	Jan-06	$1.7
Nellis AFB, NV	Aug-03	Jun-05	May-06	$1.8
McGuire AFB/Ft Dix, NJ	Aug-04	Mar-06	Sep-06	$1.8
AETC Group I (G1)	Jan-05	Sep-06	Feb-07	$4.3
AF Academy, CO	Mar-06	Oct-06	May-07	$1.2
ACC Group II (G3)	Oct-05	Jun-06	Jul-07	$2.3
Hickam AFB, HI II	Oct-05	May-07	Aug-07	$0.2
AFSPC Tri Group (G5)	Aug-06	Feb-07	Sep-07	$2.2
BLB Group (G4)	Jun-06	Jan-07	Sep-07	$3.0
Robins AFB, GA (Phase II)	Jun-06	Jun-07	Sep-07	$0.7
AETC Group II (G2)	Jul-06	Mar-07	Sep-07	$4.5
AMC East (G7)	Apr-06	Feb-07	Nov-07	$1.5
Vandenberg AFB, CA	Feb-07	Jun-07	Nov-07	$1.6
AMC West (G6)	May-07	Sep-07	Jul-08	$2.5
Falcon Group			Nov-08	$0.0
Patrick AFB, FL	Mar-01	Feb-03	Nov-08	$2.4
Moody AFB, GA	Nov-02	Dec-03	Nov-08	$1.9
Little Rock AFB, AR	Apr-02	Sep-03	Nov-08	$1.8
Hanscom AFB, MA	Jul-03	Jan-04	Nov-08	$2.3
Lackland AFB, TX II	Jan-05	Jul-06	Dec-08	$0.7
Total Project Awards				$71.3

Appendix 11 (Cont.)

Office of the Secretary of Defense (OSD) Approved Projects				
Wright-Patterson, OH II	Aug-04	TBD	TBD	$0.6
Continental Group	Aug-10	May-11	Oct-11	$1.6
Eglin AFB, FL				$1.1
Hurlburt AFB, FL				$0.1
Edwards AFB, CA				$0.1
McConnell AFB, KS				$0.1
Seymour Johnson AFB, NC				$0.1
Eielson AFB, AK				$0.1
Southern Group	Dec-09	Aug-10	Aug-11	$1.7
Shaw AFB, SC				$1.0
Arnold AFB, TN				$0.1
Charleston AFB, SC				$0.1
*Keesler AFB, MS ***				$0.4
Western Group	Jun-10	Jan-11	Dec-11	$3.5
FE Warren AFB, WY				$1.7
Malmstrom AFB, MT				$0.0
Whiteman AFB, MO				$0.0
Beale AFB, CA				$1.8
Northern Group	Dec-10	Oct-11	Jan-12	$1.3
Minot AFB, ND				$0.1
Mountain Home AFB, ID				$0.1
Cavalier AFB, ND				$0.1
Grand Forks AFB, ND				$0.1
Ellsworth AFB, SD				$0.1
Cannon AFB, NM				$1.0
ACC Group III	Dec-10	Jul-11	Oct-11	$0.2
Dyess AFB II				
Moody AFB II				
Fort Richardson (JBER)	May-10	Jan-11	Jun-11	$0.3
Total Current Projects				***$9.2***
GRAND TOTAL				**$80.5**
		Other Consultant Program Costs:		**$2.5**
		AFCEE Portfolio Management Costs		**$18.7**
			Total:	**$101.7**

Air Force Notes:

(1) NOTE: This Report reflects cumulative consultant costs expensed and cumulative portfolio management costs expensed

** Keesler number includes 160 units at Sandhill

* Costs included with Fort Lewis and reported by the Army

APPENDIX 12: Combined Projects

The military services often combine multiple installations into MHPI projects. This maximizes the benefits of the MHPI program and its authorities. Within the MHPI program there are three classifications of combined projects. The most common, a grouped project, is when projects involving multiple installations are conceived prior to solicitation and award and are executed as a single project entity. In other cases, installations are integrated into existing deal structures after award. In this instance, the projects already owned by eligible entities subsequently merge or integrate housing from a new set of installations into their existing ownership structure. The third classification is phased projects. While not closing on all of its housing simultaneously, phased projects involve housing on the same or related bases that were intended to be included ultimately in a single project entity.

Each of these MHPI combined entities allows the Services to optimize the utilization of capital resources. To date, thirty-five combined projects, including grouped, phased and integrated ones, have been awarded and executed. The first two tables below list the program's five integrated and 12 phased projects and the additional total cash equity investment placed into each integration or individual new phase of the project. The third table lists the grouped projects. Projects may fall into more than one category, e.g. a grouped project may also have a second phase. In addition, several grouped projects listed have since been integrated into larger entities.

Table 8

INTEGRATED PROJECTS		
Project name	**Installations Integrated**	**Additional Cash Equity ($M)**
Falcon Group	Patrick AFB, Hanscom AFB, Moody AFB, Little Rock AFB	0.00
Northeast Integrated	Walter Reed/Ft. Detrick, Picatinny Arsenal/Carlisle Barracks	39.40
AMCC	Camp Lejeune/Cherry Point, Tri-Command	0.00
Ft. Meade	Ft. Meade, Ft. Sill	31.00
Ft. Lewis/McChord AFB	Fort Lewis, McCord AFB	16.20

APPENDIX 12: (Cont.)

Table 9

PHASED PROJECTS*		
Project Name	**Add-on Phases**	**Additional Cash Equity ($M)**
Navy/MCB Hawaii	Phase II Phase III Phase IV Phase V	65.12 0.00 56.05 60.03
Camp Pendleton/Quantico	Phase II Phase III Phase IV Phase V Phase VIII	18.60 45.94 30.89 23.73 161.54
Camp Lejeune/Cherry Point	Phase II Phase III	37.90 78.95
Midwest Regional	Phase II	22.00
Lackland AFB	Phase II	0.00
Robins AFB	Phase II	0.00
Hickam AFB	Phase II	0.00
Elmendorf AFB	Phase II	0.00
Wright Patterson AFB	Phase II	0.00
San Diego Naval Complex	Phase II Phase III Phase IV Phase V	0.00 0.00 0.00 0.00
Ft. Drum	Phase II	127.00
Mid-Atlantic	Phase II Phase III Camp Lejeune IV	0.00 0.00 87.95

APPENDIX 12: (Cont.)

Table 10

GROUPED PROJECTS*
Tri-Command
Fort Irwin/Moffett Field/Camp Parks
Fort Detrick/Walter Reed Army Med. Ctr.
Northeast Regional
Northwest Regional
Mid-Atlantic Regional
Midwest Regional
Carlisle Barracks/Picatinny Arsenal
AETC Group I
Davis-Monthan/Holloman Group
Tri-Group
BLB
Southeast Regional
Midwest/South Millington (Ph II)
AETC Group II
AMC East
AMC West
Fort Huachuca/Yuma
Fort Wainwright/Greely
Army Hawaii
Fort Eustis/Fort Story
Fort Bliss/WSMR
Presidio of Monterey/NPS
Fort Bragg/Pope AFB
McGuire AFB/Fort Dix

*For a breakdown of the installations included in the Grouped and Phased Projects listed above see Appendix 7.

APPENDIX 13: Privatizing Unaccompanied Military Housing

The National Defense Authorization Act for Fiscal Year 2010, section 2808, Public Law (P.L.) 111-84, requested the Department of Defense (DoD) evaluate the process of developing, implementing, and overseeing housing privatization transactions involving military unaccompanied housing (UH). Additionally, P.L. 111-84 requested an evaluation of the impact a prohibition on civilian occupancy could have on securing private partners, as well as provide an assessment of the feasibility and cost of privatizing military unaccompanied housing for all members of the Armed Forces.

A. Addressing UH Requirements

A primary goal of the Defense Department is to improve the quality of life of its military members. Living in quality, affordable housing should not be one of the many sacrifices that our military members and their families are called upon to make. Military housing initiatives aimed at revitalizing military housing have taken many forms over the years. These initiatives have included build-to-lease, the rent guarantee program, and housing privatization.

Through the Military Housing Privatization Initiative (MHPI), DoD engaged private sector expertise and creativity to address its family housing needs. The result of the MHPI effort is that inadequate homes were eliminated, quality of housing is higher, and base services are better; all at less cost for the government. For these reasons, the DoD began to pursue a privatization solution for its UH inventory.

While privatization delivers quality housing that is properly maintained and operated over the long term at a lower life cycle cost than traditional government-owned housing, the Services (Army, Navy, Air Force and Marine Corps) have focused their efforts almost exclusively on family housing privatization. To understand the challenges in privatizing UH, it is necessary to be aware of various unique considerations associated with housing for single servicemembers. These factors include Services' need for unit cohesion and teambuilding, the possibility of civilian occupancy, the location of such housing, and the substantial cost of revitalizing and sustaining the housing.

B. Service Culture and Unit Cohesion

Sometimes called barracks, dormitories, or bachelor quarters, UH usually consists of a single or shared room with a private or shared bath. The Services require members to reside on an installation for several reasons such as military readiness, training requirements, or housing availability.

The fundamental difference in the housing of single Servicemembers versus Servicemembers with dependents is the statutory entitlement to a housing allowance. Unlike their counterparts with dependents a single Servicemember's entitlement to BAH is subject to the availability and/or adequacy of Government quarters. In the case of junior enlisted members without dependents who are assigned to sea duty, there is no entitlement to BAH at all. In addition to the lack of BAH entitlement, there are significant differences between the respective military cultures that also affect UH assignment policies.

Cultural differences are most apparent in junior member (E1-E4) immersion in the Service's respective culture and values. For unaccompanied members this immersion is expected to take place on duty, in training, and after duty hours. Married junior enlisted members of all services are eligible to receive BAH and reside outside of command and control in family housing.

As noted above, Navy E1-E3's generally live aboard ship when in home port if no ashore berthing is available. On ships that lack support infrastructure aboard, the Navy assigns personnel to available ashore berthing while in home port. The Marine Corps places a high value on team building and as a result assigns two junior enlisted members to a room.

The Army strives for unit cohesion and therefore assigns brigades and subordinate units to specific UH buildings to achieve unit integrity. Army and Marine Corps Sergeants (E5s) live in UH to function as leaders and counselors.

The Air Force emphasizes the "bluing process," whereby training and other acculturation practices ensure that junior airmen are prepared for life in the Air Force and is a key element in shaping a future noncommissioned officer.

The Services have found it difficult to combine the principles of privatization (which maximizes member choice and minimizes Government control) with the goals of unit cohesion and teambuilding. Traditional command and control could be undermined by the independent relationship between a member tenant and the private landlord by preventing unannounced inspections, requirements for after-hours work details, or ad hoc training activities. Services are also concerned that to maintain high levels of military occupancy, property managers will be unlikely to house members of the same platoon or squadron in the same building or floor as is the current practice thereby weakening unit cohesion.

C. Supply and Demand – The Civilian Factor

Depending on the tempo of operations, unit rotations can be lengthy and sometimes unpredictable. When forces deploy for extended periods from installations with assigned operating forces, government-owned UH is either left vacant or made available to military units returning from deployments. To sustain occupancy and service their debt, private owners must have the ability to rent to civilians if military demand declines. Therefore, civilians are more likely to be part of the waterfall[1] of alternative tenants who may offset a loss in Servicemember demand. The sufficiency of civilian housing and concern about civilians living in unaccompanied housing, often within the heart of the installation, affect the viability of privatizing UH at some installations.

[1] *Alternative Tenant Waterfall*: The economic risk of a privatized project falls on the private sector developer and lender. Under MHPI, if a developer cannot attract a sufficient number of military families to fill the homes, the alternative tenant waterfall (a listing of who a developer may lease the homes to) serves to minimize risk.

APPENDIX 13: (Cont.)

For owners of privatized UH to more easily rent to waterfall tenants, the housing should be located adjacent to the installation boundary or even off-base. This conflicts with the typical locations of UH which are close to a Servicemember's work site and away from fence lines to improve security and minimize transportation needs. Furthermore, to attract civilian tenants, it might be necessary to build UH to a market configuration standard instead of the current Service Military Construction (MILCON) configurations. However, since this would increase space allowances it would also increase the per-space cost of construction. A large portion of the existing UH housing stock does not reflect market standards (e.g., might exclude a full kitchen). As such, market demand for such housing may be less than that for privatized family housing, which is comparable to housing found in the private sector.

At large permanent fleet concentrations such as Hampton Roads and San Diego, Servicemember demand is not likely to diminish because privatized UH offers higher quality standards than traditional Government-owned UH and serves only a small portion of the potential military population in the locale. The demand for UH is more tenuous at smaller installations, especially where a major deployment can vacate significant portions of the UH inventory on short notice. While the Navy's San Diego and Hampton Roads projects are located in urban areas with significant apartment rental demand, a majority of DoD installations are in more rural locations where rental demand is more limited.

Vacancies and resident turnover can place significant stress on the revenue stream. To mitigate vacancies or turnover due to deployments, grouping installations into larger projects and establishing a "deployment reserve fund" may be needed. Short-term leases could be administered by the privatization business partner; however, higher rates of turnover increase wear and tear on facilities and increase administrative and management requirements. All of these factors increase the cost of a project. Project funding must be adequate to allow for high turnover and vacancy levels that could exceed those in the private-sector rental market.

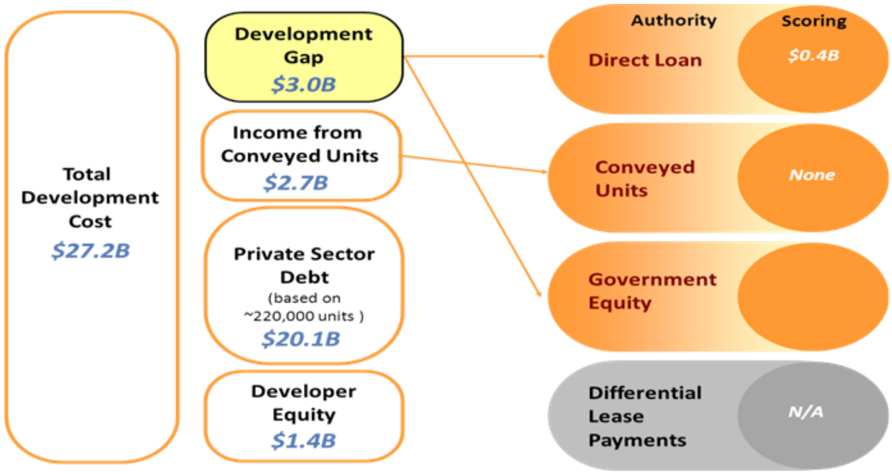
D. Funding UH Privatization

Closing the Gap

DoD provides housing to about 385,000 unaccompanied junior enlisted personnel across the military Services. This means that to renovate and/or build approximately 164,000 double-occupancy housing units (for E-1 through E-4) and 57,000 single-occupancy units (for E-5s) using traditional MILCON funding would require approximately $27 billion in upfront appropriations. However, by using DoD's existing MHPI authorities to leverage private capital and transfer the cost and risk of ownership to the private sector, these requirements can be achieved with between $0.4 billion and $3 billion in upfront construction funding as shown in the chart below.

APPENDIX 13: (Cont.)

Exhibit E



As demonstrated by the privatized family housing program, DoD could significantly leverage private capital. Moreover, utilizing MHPI authorities would ensure that this needed housing is completed in much less time than that required under traditional military construction. However, since two or more unaccompanied junior enlisted members are typically housed in a single unit, paying full BAH for a portion of a multi-bedroom unit could exceed the fair market rent and could make the project more expensive than MILCON.

Basic Allowance for Housing (BAH)

For privatized family housing, the rent stream from Servicemember tenants is based on the BAH. Junior enlisted members are not authorized to receive BAH unless no UH accommodations are available. (Additionally, for the Navy, 37 United States Code Section 403 prohibits ship based E3's and below without dependents from receiving BAH.)

Under special authority granted for the Navy privatized UH pilot projects (10 U.S.C. 2881a), a "partial" BAH was authorized for members occupying privatized housing. This addressed the lack of full BAH entitlement for junior enlisted Sailors assigned to ships. As with its family housing privatized projects, the Navy added MILCON funds and contributed existing UH facilities to help ensure success of its pilot projects. Rents ranging from 65 percent to 75 percent of the full BAH (without dependents) rate were approved by OSD for these projects.

The Services have only limited BAH funding built into their personnel programs and budgets that could support a privatized UH environment. In a December 2009 Report to Congress, *Unaccompanied Personnel Housing (UPH) Privatization Feasibility Study*, the Army estimated its annual "BAH bill" would exceed $3 billion per year if it privatized its unaccompanied housing.

APPENDIX 13: (Cont.)

Therefore, if privatized UH projects were to increase, the Services would need to offset the BAH increase with a budget transfer of MILCON, operation and maintenance (O&M), or other funding. However, in most cases, the MILCON/O&M transfer would be insufficient to provide a full offset.

E. Privatization Pilot Projects

To date, the Navy has two pilot privatized projects (San Diego, California, and Hampton Roads, Virginia) and the Army has privatized four UH projects (see Table 1) for senior enlisted members (E-6 and above). The Air Force and Marine Corps have not undertaken any UH privatization efforts.

Navy UH Privatization

Recognizing its unique unaccompanied housing needs, in 2000 the Navy supplemented UH upgrades with an initiative called Homeport Ashore. This initiative moves ship-based Sailors out of bunk spaces onboard ships into on-shore housing while their vessel is in port. As an important part of the Homeport Ashore initiative, the Navy was granted special authority by Congress in the National Defense Authorization Act for Fiscal Year 2003 (Public Law 107-314), and codified in 10 U.S.C. 2881a, to undertake three pilot UH privatization projects. A central provision of this legislative authority allowed Sailors who are not otherwise entitled to BAH, to receive partial BAH if they reside in housing privatized under the pilot program. Privatization enabled the Navy to obtain a significant and rapid increase in UH capacity to meet its Homeport Ashore objectives.

For the Navy, unit integrity is less of an issue than other Services because during work hours and when a ship is underway, unit integrity is a part of shipboard life. Navy leaders were willing to accept the tradeoff of privatization and its restrictions on after-hours access for the benefits of improved quality of life for the Sailor.

The pilot legislative authority expired before the Navy could award its authorized third pilot project. Navy attempts to extend the authority were thwarted by unfavorable budget scoring estimates from the Congressional Budget Office.

Army UH Privatization

As part of existing family housing privatization deals, the Army used the authorities provided in the MHPI to privatize housing for unaccompanied senior enlisted and junior officer members (staff sergeant through captain). As in privatized family housing, the projects compete for residents with the private market. Business partners, providing privatized family housing at four Army bases (see table below), have built unaccompanied Soldier apartments of a quality similar to new apartments in the local community. New construction has resulted in attractive, contemporary apartment facilities with features and amenities comparable to private-sector housing.

APPENDIX 13: (Cont.)

Table 11

Army UH Privatization			
Project Site	**Opened**	**New Construction Apartments**	**Target Residents**
Fort Irwin, CA	September 2008	200, one-bedroom apartments	E-5 and above*
Fort Drum, NY	February 2009	192 (64 one-bedroom & 128 two-bedroom)	E-6 and above
Fort Bragg, NC	January 2009	312 (120 one-bedroom & 192 two-bedroom)	E-6 and above
Fort Stewart, GA	November 2008	334 (298 one-bedroom & 36 two-bedroom)	E-6 and above

**** E5 Servicemembers require a statement of non-availability of government owned UH***

The full BAH rate for a senior grade reflects a market product and have proven sufficient to support the privatized housing with no Army equity contribution required. Rental rates for the one-bedroom apartment are generally pegged to an E-6 BAH without dependents, and rent for sharing a two-bedroom apartment is less than the E-6 BAH rate without dependents. In fact, at Fort Bragg, North Carolina, and Fort Drum, New York, the two-bedroom apartment rate per bedroom is less than an E-4 BAH without dependents when two Soldiers share a unit.

F. Privatizing UH – Predicting the Future

The differences between the military services—especially their respective cultures—are magnified when examining the pros and cons of UH privatization. Although the Army, Air Force, and Marine Corps have evaluated the two successful Navy pilot projects, they have done so using their own unique Service standards. For example, the Navy's desire to achieve Homeport Ashore goals may more than offset some of the negative factors concerning UH privatization. The Air Force, on the other hand, has a UH inventory that generally meets current needs and may be less likely to find high value in the privatization option. The Army has, for the present, decided to limit UH privatization to the senior grades, where developers consider the market risk sustainable.

Balancing Service cultures and funding constraints with quality of life considerations poses challenges to privatizing UH. While there is no single solution to resolving privatization concerns, the Department will continue to consider UH privatization when the opportunity arises.

APPENDIX 14: MHPI Project Scope

Throughout this Executive Report and supporting documentation, the expressed size of the individual privatized projects is the scope that was approved by the OSD and OMB. During the development of a major residential project, particularly a project that is built over an extended number of years, the actual scope may change a small amount. Reasons for these changes vary, and include local market and base operational transformations. Unless the ultimate project size change, and resulting investment, requires re-approval by OSD and OMB, the individual project scope in this report remains the currently approved number. Actual project scope is monitored by the Service portfolio managers through various other reports. Appendix 11 is an example of a report showing any potentially adjusted scope numbers.

This appendix is provided to identify, on a project-by-project basis, any scope modifications that have occurred subsequent to the last OSD and OMB approval.

Table 12

MHPI PROJECT SCOPE		
PROJECT	**APPROVED SCOPE**	**ACTUAL SCOPE**
Corpus Christi/Kingsville I, TX-Navy	404	404
NS Everett I, WA	185	185
Lackland AFB, TX	885	885
Fort Carson, CO	3,368	3,368
Dyess AFB, TX	402	402
Robins AFB I, GA	670	670
NAS Kingsville II, TX	150	150
MCB Camp Pendleton, CA	712	712
NS Everett II, WA	288	288
Elmendorf AFB I, AK	828	828
San Diego Naval Complex Overview, CA	14,524	14,513
New Orleans Naval Complex, LA (NOLA)	941	941
Fort Hood, TX	5,912	5,912
South Texas, TX (SOTX)-Navy	665	417
Fort Lewis, WA/McCord AFB, WA	4,964	4,994
Fort Meade, MD	3,170	2,627
Wright-Patterson AFB, OH	1,536	1,536
Kirtland AFB, NM	1,078	1,078
Fort Bragg, NC	6,205	6,205
PE/QU/YU (Camp Pendleton II)	11,584	11,245
Presidio of Monterey/NPS, CA	2,209	1,565
Fort Stewart/Hunter Army Airfield, GA	3,610	3,963

APPENDIX 14: (Cont.)

MHPI PROJECT SCOPE		
PROJECT	**APPROVED SCOPE**	**ACTUAL SCOPE**
Fort Belvoir, VA	2,070	2,106
Fort Campbell, KY	4,455	4,457
Fort Irwin/Moffett Field/Camp Parks, CA	2,900	2,900
Hawaii Regional , HI-Navy/MC	6,801	6,781
Fort Hamilton, NY	228	228
Fort Detrick, MD/Walter Reed Army Med. Ctr, DC	590	597
Buckley AFB, CO	351	351
Elmendorf AFB II, AK	1,194	1,194
Fort Polk, LA	3,821	3,661
Fort Shafter/Schofield Barracks, HI	7,894	7,894
Northeast Regional, (NY, NJ, CT, RI, ME)-Navy	4,264	2,953
Fort Eustis/Fort Story, VA	1,124	1,122
Hickam AFB, HI	2,474	2,474
Northwest Regional, WA-Navy	2,985	2,986
Fort Sam Houston, TX	925	925
Fort Leonard Wood, MO	2,242	1,806
Fort Drum, NY	3,669	3,669
Fort Bliss, TX/White Sands, NM	3,956	3,956
Mid-Atlantic Regional, (VA, WV, MD)-Navy	6,702	6,511
Offutt AFB, NE	1,640	1,640
Hill AFB, UT	1,018	1,018
Dover AFB, DE	980	980
Cherry Point/Camp Lejeune Overview (AMCC), NC	8,059	8,059
Midwest Regional, (IL, IN)-Navy	1,719	1,719
Scott AFB, IL	1,593	1,593
Fort Benning, GA	4,200	4,000
Fort Leavenworth, KS	1,583	1,583
Fort Rucker, AL	1,476	1,476
Fort Gordon, GA	887	1,080
Nellis AFB, NV	1,178	1,178
Carlisle Barracks, PA/Picatinny Arsenal, NJ	348	348
Fort Riley, KS	3,514	3,514
McGuire AFB/Fort Dix, NJ-Air Force	2,084	2,084
Redstone Arsenal, AL	230	230
Fort Knox, KY	2,527	2,563
AETC Group I, (OK, AZ, TX, FL)	2,875	2,607
AF Academy, CO	427	427
Davis-Monthan AFB, AZ/Holloman AFB, NM	1,838	1,838
Fort Lee, VA	1,590	1,505

APPENDIX 14: (Cont.)

MHPI PROJECT SCOPE		
PROJECT	**APPROVED SCOPE**	**ACTUAL SCOPE**
Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)	1,564	1,466
BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)	3,189	3,190
Southeast Regional (SC, MS, FL, GA, TX) - Navy	5,269	5,269
Robins AFB II, GA	207	207
AETC Group II (MS, TX, AL, OK)	2,257	2,205
Vandenberg AFB, CA	867	867
AMC East (Andrews AFB, MD/MacDill AFB, FL)	1,458	1,459
AMC West (Tinker AFB; Travis AFB; Fairchild AFB)	2,435	2,435
West Point, NY	824	824
Fort Jackson, SC	850	850
Fort Sill, OK	1,650	1,650
Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)	2,619	2,638
Fort Huachuca/Yuma, AK	1,169	1,169
Fort Wainwright/Greely, AK	1,815	1,705
Aberdeen Proving Ground	929	929
TOTAL	**189,803**	**185,764**

Notes

1. This table presents Fort Lewis/McChord AFB together on one line while Appendix 10 presents these two installations on separate lines.

APPENDIX 15: MHPI Authorities

In enacting the MHPI, Congress provided a number of different legal authorities that could be used according to the needs and circumstances of each privatization project. The table below lists the legal authorities used in the initial structuring of each of the executed projects.

Table 13

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2873: Direct Loan	*24*	Air Force	22	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	0	None
		Navy	1	Kingsville II NAS, TX
		Marines	1	MCB Camp Pendleton, CA
Section 2873: Loan Guarantees	*7*	Air Force	5	Lackland AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
		Army	2	Fort Carson, CO
				Fort Polk, LA
		Navy	0	None
		Marines	0	None

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2874: Build to Lease	*0*	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None
Section 2876: Rental and Occupancy Guarantee	*0*	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None
Section 2877: Differential Lease Payments (DLP)	*4*	Air Force	1	Elmendorf AFB II, AK
		Army	0	None
		Navy	3	Everett I, WA
				Everett II, WA
				Kingsville I, TX
		Marines	0	None
Section 2878: Conveyance of Land	*13*	Air Force	3	Robins AFB I, GA
				AETC Group II - MS; TX; AL; OK
				AMC West - WA; OK; CA
		Army	1	Carlisle Barracks/Picatinny Arsenal - PA; NJ
		Navy	7	Kingsville II NAS, TX
				NC New Orleans, LA
				NC Northeast Region – NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2879: Interim Leases	*1*	Air Force	1	Scott AFB, IL
		Army	0	None
		Navy	0	None
		Marines	0	None
Section 2882: Assignment of Members	*0*	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2875: Investments (Joint Venture)	*51*	Air Force	3	Tri-Group, CO; CA
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
		Army	33	Fort Hood, TX
				Fort Meade, MD*
				Fort Lewis/McChord, WA*
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed/Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Conveyance of Units	70	Air Force	24	Lackland AFB, TX
				Robins AFB, GA Phase I
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Elmendorf AFB II, AK
				Hanscom AFB, MA
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ; NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
		Army	33	Fort Carson, CO
				Fort Hood, TX
				Fort Meade, MD
				Fort Lewis/McChord, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Aberdeen Proving Ground, MD

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Conveyance of Units, Cont.		Army, Cont.		Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
		Navy	10	Kingsville II NAS, TX
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2878: Lease of Land	71	Air Force	25	Lackland AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	34	Fort Carson, CO
				Fort Hood, TX
				Fort Meade, MD
				Fort Lewis/McChord, WA
				Fort Bragg, NC

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Lease of Land, Cont.		Army, Cont.		Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	9	NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2880: Unit Size and Type	76	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	34	Fort Carson, CO
				Fort Meade, MD
				Fort Hood, TX
				Fort Lewis, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick, MD/DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2880: Unit Size and Type , Cont.		Army, Cont.		Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX**
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2881: Ancillary Support Facilities	76	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Air Force, Cont.		Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	34	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis/McChord, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Navy	13	Everett I, WA
				Everett II, WA
				Kingsville I, TX
				Kingsville II NAS, TX
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2882: Payments by Allotment	59	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I, MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	33	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA

APPENDIX 15: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2882: Payments by Allotment, Cont.		Army, Cont.		Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	0	None
		Marines	0	None
Key Notes: * = Cash is not the only form of investment.				
** = Unit size and type enables bases to build to private sector standards in their area.				